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SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

BILL No. 4—AN ACT TO AMEND THE CANADA
GRAIN ACT

TUESDAY, FEBRUARY 18, 1947

WITNESSES:

Mr. D. G. McKenzie, Chief Commissioner; Dr. D. A. MacGibbon and Mr.
C. M. Hamilton, Commissioners, and Mr. J. Rayner, Secretary, Board of
Grain Commissioners for Canada.

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

1947

ORDERS OF REFERENCE

HOUSE OF COMMONS,

TUESDAY, 11th February, 1947.

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

Messrs.

Argue,	Desmond,	Lapalme,
Arsenault,	Diefenbaker,	Laurendeau,
Barrett,	Douglas,	Leger,
Beaudoin,	Drope,	Lesage,
Belzile,	Dubois,	Matthews (<i>Brandon</i>),
Bentley,	Fair,	McCubbin,
Bertrand (<i>Prescott</i>),	Farquhar,	McGarry,
Black (<i>Cumberland</i>),	Fontaine,	McLure,
Black (<i>Huntingdon</i>),	Gagnon,	Menary,
Bryce,	Gardiner,	Michaud,
Burton,	Gibson (<i>Comox-Alberni</i>),	Quelch,
Cardiff,	Golding,	Ross (<i>Souris</i>),
Charlton,	Gour,	Senn,
Clark,	Hackett,	Sinnott,
Cloutier,	Halle,	Townley-Smith,
Cote (<i>Matapedia-</i> <i>Matane</i>),	Harkness,	Tucker,
Coyle,	Harris (<i>Grey Bruce</i>),	Warren,
Cruikshank,	Hatfield,	Webb,
Dechene,	Jutras,	Whitman,
	Kirk,	Wright,
		Wylie—(60).

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, 11th February, 1947.

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.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, 11th February, 1947.

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

Bill No. 4, An Act to amend The Canada Grain Act.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

STANDING COMMITTEE

THURSDAY, 13th February, 1947.

Ordered,—That the name of Mr. Robinson (Bruce) be substituted for that of Mr. Hackett on the said Committee.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

WEDNESDAY, February 19, 1947.

Ordered,—That the said Committee be granted authority to print from day to day 500 copies in English and 200 copies in French of the Minutes of its Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS TO THE HOUSE

WEDNESDAY, February 19, 1947.

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

FIRST REPORT

Your Committee recommends that it be granted authority to print, from day to day, 500 copies in English and 200 copies in French of the minutes of its proceedings and evidence.

All of which is respectfully submitted.

R. McCUBBIN,
Chairman.

WEDNESDAY, February 19, 1947.

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

SECOND REPORT

Your Committee has considered Bill 4, an Act to amend The Canada Grain Act, and has agreed to report it with amendments.

A copy of the minutes of proceedings and evidence is appended.

All of which is respectfully submitted.

R. McCUBBIN,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, 18th February, 1947.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m.

Members present: Messrs. Barrett, Beaudoin, Bentley, Bertrand (*Prescott*), Black (*Cumberland*), Black (*Huntingdon*), Bryce, Burton, Cardiff, Clark, Cote (*Matapedia-Matane*), Coyle, Cruickshank, Dechene, Desmond, Diefenbaker, Douglas, Drope, Dubois, Fair, Farquhar, Gagnon, Golding, Gour, Harkness, Harris (*Grey-Bruce*), Kirk, Leger, McCubbin, McGarry, McLure, Menary, Quelch, Robinson (*Bruce*), Ross (*Souris*), Senn, Sinnott, Townley-Smith, Warren, Webb, Whitman, Wright, Wylie.

In attendance: Hon. J. A. MacKinnon, Minister of Trade and Commerce; Mr. D. G. McKenzie, Chief Commissioner; Dr. D. A. MacGibbon and Mr. C. M. Hamilton, Commissioners, and Mr. J. Rayner, Secretary, Board of Grain Commissioners for Canada.

On motion of Mr. Golding, seconded by Mr. Leger, Mr. McCubbin was elected Chairman of the Committee.

The Chairman thanked the Committee for the honour conferred upon him.

The Clerk read the Orders of Reference.

On motion of Mr. Ross, it was resolved that the Committee ask leave to print, from day to day, 500 copies in English and 200 copies in French of the minutes of its proceedings and evidence.

The Committee proceeded to consideration of Bill 4: An Act to amend the Canada Grain Act.

Mr. McKenzie was called, explained the purposes of the Bill, and was questioned thereon.

Mr. Wright moved that clause 1 be redrafted to amend Section 138(1) of the Canada Grain Act, as amended by Chapter 36 of the Statutes of 1939, by the deletion of the words *fifteen months* in the last line thereof and the substitution therefor of the words *twenty-two months*.

Mr. Rayner was called, and questioned.

Dr. MacGibbon was called, and questioned.

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

On motion of Mr. Harris, it was resolved that clause 2 be amended by the deletion of the words *or deliveries* in line eight thereof.

On motion of Mr. Harris, it was resolved that the Bill be amended by the deletion of clause 3 thereof and the substitution therefor of the following:—

3. Section one hundred and two of the said Act is repealed and the following substituted therefor:

Fire and explosion insurance terminal and Eastern elevators.

102. The manager of every licensed public terminal elevator and of every licensed semi-public terminal elevator in the Western Division and of every licensed elevator in the Eastern Division shall

at all times keep all grain in such elevator fully insured by companies approved by the Board against loss by fire and inherent explosion during such time as it is stored therein or is in course of delivery into or out of same.

Fire insurance country elevators.

2. The manager of every licensed public country elevator shall at all times keep all the grain in such elevator fully insured by companies approved by the Board against loss or damage by fire during such time as it is stored therein or is in course of delivery into or out of same.

Adjustment of claims.

3. The loss, if any, under every policy of insurance issued pursuant to this section shall be payable to the holders of elevator or warehouse receipts for grain stored in such elevator as their interests may respectively appear, and the claims of such holders shall have priority to any claim by the manager of the elevator or by any assignee of such manager.

On motion of Mr. Wright, it was resolved that clause 4 be amended by the deletion of the words *Except as otherwise provided by regulation or order of the Board*, in the fifth line thereof and by the substitution of the word *twenty-two* for the word *fifteen* in line nine thereof.

On motion of Mr. Wright, it was resolved that clause 5 be amended by the deletion of the words *Except as otherwise provided by regulation or order of the Board*, in the fifth line thereof and by the substitution of the word *twenty-two* for the word *fifteen* in line nine thereof.

Clauses six and seven were adopted without amendment.

The Committee reverted to consideration of Clause 1.

On motion of Mr. Wright, it was resolved that the Bill be further amended by the deletion of clause 1.

Schedules one and two were adopted.

The witnesses retired.

The preamble and title were adopted.

The Bill, as amended, was adopted and the Chairman ordered to report to the House accordingly.

The Committee adjourned at 12.55 to meet at the call of the Chair.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, February 18, 1947.

The Standing Committee on Agriculture and Colonization met at 11 a.m. The Chairman, Mr. R. McCubbin, presided.

The CHAIRMAN: Gentlemen, I want to thank you for the honour you have bestowed upon me in electing me to act as chairman of this important committee; for, after all, agriculture is still the most important industry and occupation in Canada.

We have been given an order of reference by the house to deal with on this occasion, and I would have the clerk now read the order of reference.

The CLERK:

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

And:

That the following Bill be referred to the said Committee:—
Bill No. 4, an Act to amend the Canada Grain Act.

The CHAIRMAN: You have heard this order of reference. What is your pleasure with respect to it? I might say at the outset that we have witnesses here now from the Board of Grain Commissioners and they are willing to give their evidence and also to be questioned in respect to this matter. If you wish to go ahead with it now, I am prepared to do so. I would like to know what your feeling is with respect to the matter.

Mr. SENN: Are the representatives of the Board of Grain Commissioners here?

The CHAIRMAN: Yes, we have them here.

If you are ready to go ahead we will distribute the bill. If that is your wish, we will go ahead. And while the bill is being distributed to each and every member of the committee I think it is customary at the opening of proceedings of the committee to have a motion to print. In the past it has been customary to print five hundred copies in English and two hundred copies in French of the report of our proceedings. Will someone make a motion?

Mr. ROSS: I so move.

Mr. DECHENE: I second the motion.

The CHAIRMAN: It has been moved by Mr. Ross, seconded by Mr. Dechene that we print five hundred copies in English and two hundred copies in French of the report of our proceedings and evidence. What is your pleasure, gentlemen?

Motion agreed to.

There is another matter which also might be dealt with; that is the reduction of the quorum. I understand that normally the quorum of the agriculture committee is twenty. Right now there is no need of changing it because there are no other committees sitting and we may be able to have twenty members present at all times, but later on there will be other committees and we might have difficulty in getting our quorum of twenty. Do you wish to reduce this quorum to fifteen, or not?

Mr. GOLDING: Not now, Mr. Chairman.

Mr. ROSS: Not now; reduce it later if we think we have to.

The CHAIRMAN: That is fine. I wanted to bring that matter before you. We have with us to-day Mr. McKenzie, Chief Commissioner of the Board of Grain Commissioners; and I think if he would make a short statement on the amendments it would be advisable, and would also give us some leeway and some lead with respect to them. We will now hear from Mr. McKenzie.

D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners, called:

The WITNESS: Mr. Chairman, Mr. Minister and members of the agriculture committee: Unfortunately I am labouring under a bit of a cold this morning. If my voice sounds a bit froggy, you will know what is wrong.

As most of you know, it is now a matter of seven or eight years since there were any amendments introduced to the Canada Grain Act. During our administration in the intervening years we have found out of our experience that at least certain amendments should be introduced. We bring these to you because we feel that if they receive your sanction and are written into the Act it will permit our board servicing both the producers and the trade generally just a little bit more effectively.

Mr. Chairman, with your permission, I will just give you a very short interpretation of various clauses that are in the Act before you. This is bill No. 4, that you have before you. I will deal with the clauses in turn; then, after I have done this, if you desire to go back over them one by one, and if any question arises in the mind of anybody present and you desire to have information in respect to any particular matter or clause, my colleagues and the secretary of the board, in addition to myself, will be glad to give you the fullest information we can in respect to it.

Clause 1, amends section 15, of the Canada Grain Act which gives the board power to make regulations. This is related to clauses 4, and 5, of bill No. 4. And if that passes then it is necessary to amend section 15, as provided in clause 1, so the board will then be able to make regulations relating to the subject matter of clauses 4, and 5.

Clause 2, is perhaps one of the most important of the clauses in the bill before you. The significance of the clause is most apparent when there are car shortages, and it deals with the problem of an amendment to an important clause of the Canada Grain Act, section 62. This gives to the farmer with a car of grain the right to put his application on the car order book for a car to be loaded where he specifies. I mean he may if he chooses have that car located at a loading platform or any elevator at the point from which he is shipping. Such a farmer may order one car at a time while the elevator agent may order two cars. They then get their car or cars in turn as cars are made available to that point. Now, the amendment does not affect that position at all but it does make provision that when a farmer delivers to an elevator, he may then sell his grain and transfer his right to the car to the company buying the grain. And now, the main reason for that is that we think it will help the producer by doing two or three things. Remember, he now has a car of grain at the elevator; and incidentally, sir, may I suggest that we would like a slight amendment moved on this clause at the proper stage of the discussion, eliminating the two words "or delivers" in section 4 of clause 2.

Hon. Mr. MacKINNON: That is in line 26.

The WITNESS: It is quite possible that my manner of describing this is not parliamentary.

Mr. GOLDING: What was that again?

The WITNESS: Strike out the two words "or delivers", appearing there in line 26. We will have copies available for you when you deal with the amendment that we would like to see introduced. Perhaps I could just now in a word say that we do not like the phrase "or delivers" because it is so indefinite. It might mean to-morrow, it might mean two months from now, it might mean three months from now; so that we do not like that and that is why we are going to ask you to delete it. Now, the reason for these. Remember, the farmer has his car of grain in the elevator. He is waiting for a car. This regulation only operates when cars are scarce. He might have to wait a considerable time for his car. He may be in need of money and therefore go to the company and get an advance against his grain, and if he has to wait some considerable time he has to pay interest on the amount of that loan. Secondly, if the grain is in the elevator long enough he may have to pay storage on grain that he has housed. At a later date I am going to ask Dr. MacGibbon to elaborate this point for you a little. We feel that it strengthens the bargaining position of the farmer, particularly in case he has to wait a good while to sell his grain. In other words, if he is waiting for a car and has to sell his grain for any reason it is conceivable that he might have to take something less than the track price for his grain; and we feel that by the introduction of this amendment, it will put him in a position where he could obtain payment for his grain at the track price. Later on Dr. MacGibbon will probably elaborate on that further for you.

Clause 3 of this bill amends section 102. This section applies to every operator of terminals in the western division, to ensure against loss of grain in elevator by fire or inherent explosion. You will note that as it is in the Act now it applies only to elevators in the western division, and is not applicable to elevators in the eastern division. We feel that it is very desirable that they should be put on exactly the same basis as the elevators in the western division, and so we are asking for an amendment to the clause so as to make it applicable to both—to the eastern and western terminal elevators. Now, here too we are asking for a further amendment. We do not like this clause as drafted, because if it passed in that form the country elevator would have to carry inherent explosion. That we think is very unnecessary because the risk of explosion in a country elevator is very remote; indeed, I do not think it has been known in the history of the grain trade. I do not think anyone ever experienced an explosion in a country elevator; and therefore we think it is quite unnecessary to ask companies to insure against that risk, one which to all intents and purposes is not present. So a little later on when we are discussing that we will have available for you some amendment to that clause.

Section 4—or, I should say clause 4—deals with section 138 of the Act and provides for the weigh-over of terminal elevators at periods of not less than nine months nor more than fifteen months. Here, too, we are asking for an amendment. The reason for our asking that arises out of our experience of the last several years. There have been times when it has been highly impractical to weigh-over an elevator within the limits of the fifteen months, and we would prefer that you would extend to the board the same provisions that we have, shall I say, enjoyed, under the order in council passed under the War Measures Act. It gives us power when circumstances would warrant it to deal with the weigh-over. And I want to emphasize the word deal, because when the physical matter of weigh-over makes it impractical to have it done it gives us time to delay it two or three months if we feel it is advisable so to do. Now, the reasons for that will be fairly clear to all of you when you realize what the situation is. If we go into an elevator say at the end of the fifteen month period and attempt to weigh-over we may find that the house is so full of grain that it is almost impractical if it is not entirely so to weigh the house over. If we insist on weighing we tie the house up for a period of perhaps two or three weeks, because everything is sealed up and the elevator can take no grain in, or might not be

able to take any more in, or it might not be able to ship any grain out during that period; which in turn might mean some embarrassment to the wheat board, if they wanted to move a wheat forward at any time to meet any emergency. And it imposes heavy costs, both terminal costs and on our own organization. Obviously, the cost of weighing the house over perhaps two or three months later would be less if the stocks on hand in the meantime had been reduced several hundreds of thousands of bushels; and, moreover, if we have to go in there, it takes our crew of weighmen just that much longer to weigh the house over. They work under difficulties. Costs are greater. It costs us more money to do the weigh-over; and by the same token it costs the elevator operator more money, as well as interrupting the ordinary operation of his elevator. For these reasons we are asking that section 138, be amended as provided for in clause 4.

Clause 5 is an amendment to section 138a of the Act and makes the same conditions applicable to houses in the eastern division.

Clause 6, sir, is merely providing for a schedule in the grain Act. It is an amendment to schedule 1. This is made necessary because during the war years we have developed both in the eastern and western divisions the production of certain new crops; rape seed, sunflower seed, soybeans and peas in the western division, and it becomes necessary to include them. In the schedule if we are going to establish definite grades we have to define them in our Act. That is clause 6, and it relates to the western division.

Clause 7 makes a simple provision by an amendment to schedule 2, in the eastern division, to cover rape seed, sunflower seed, soybeans and flaxseed, now being grown in the eastern division.

Now, Mr. Chairman, I think I have given the members of your committee in a general way at least the implications of these amendments. If there is any further information we can give you we will be glad to do so.

The CHAIRMAN: Thank you, Mr. McKenzie. Now, I think we will take the bill clause by clause; and if at any time you wish any information or if members want to ask any questions of the witnesses who are here, they will try to answer them. Are you in favour of taking the amending clauses one by one?

Some Hon. MEMBERS: Agreed.

Mr. Ross: Mr. Chairman, I want to say that I am not in favour of the change and I would like to make my position very, very clear, in view of the very high regard I have for the present chief commissioner. May I say that I was very pleased when the present chairman received his appointment. I have known him for many years. But I am not at all sure that the same person will continue on the board. The present chief commissioner like myself has no definite lease on life. If I were sure that he were going to continue I would probably not question this clause, but I take it that the condition that has been set forth by the chief commissioner as being applicable during the war years does not apply to-day. I do not think the chief commissioner will even question that?

The WITNESS: That is admitted.

Mr. Ross: Just as an example I want to read from The Current Review of Agricultural Conditions in Canada, published by the Bureau of Statistics; and it says on page 4, of volume 7, No. 3, of the report:—

It is estimated that Canada's export of wheat and wheat flour equivalent during the first four months of the 1946-47 season totalled approximately 75 million bushels as compared with 154 million for the corresponding period a year ago. This situation is largely due to the fact that Canada's export program was thrown off schedule early in the crop year. At the beginning of the season, lakehead stocks were at a very low level and only minimum supplies were available in export positions.

Then further down the same page:—

Up to November 28, more than 216 million bushels of wheat had been delivered at country points. Deliveries to the same date last year amounted to 156 million bushels. With the seasonal decline in marketings under way, a much lower rate of delivery is expected to prevail over the remainder of the crop year.

I think that pretty well takes care of this situation for the 1946-47 crop year. I have other statistics which I might quote, information put out by the board itself, but I do not intend to take up the time of the committee at this stage by referring to them. Everybody realizes that there is a great export demand for all the wheat that we can deliver at present in this country. With those statistics and facts thoroughly in mind I do not think anybody will argue that there is going to be any congestion at the terminal elevators within the next year or so at least. The minister has pointed out they have been able to operate and postpone this weigh-over during congested periods by order in council. I think in many other respects they are rather anxious to get away from that, and this is a rather indefinite continuance of this regulation.

The Commissioner pointed out probably they would want a postponement of two or three months at times if there was this congestion at some time in the future. There is nothing in that Act that says you would have to have a weigh-over within two or three months. If there were some other commissioner and we wanted information there might easily be a very indefinite postponement. You could keep postponing this weigh-over. The weigh-over was brought into being as a safeguard originally. I do not think there is any argument about the practicability of having that weigh-over in the Act. I know what would happen in many areas if you did not have the weigh-over at your local elevators.

I was very pleased to hear the minister say in the House he had some doubts about this part of the bill. Finally after discussion with the Minister of Agriculture he said he was quite prepared to drop this section of the bill if the committee thought it wise.

I feel rather keenly about this. I think it is a safeguard that should be in the Act at all times in the future. It does give you some variation from nine to fifteen months in the present Act. I have a copy of the Act here. It gives you some variation for a six months period. You can take the weigh-over within that time. I am very much opposed to giving this authority to any board because, as I say, the personnel of your board may change in the future. I should like to see that section of this proposed bill deleted completely, and that we continue the sense of the Act providing for a weigh-over some time between nine and fifteen months each year. I can see a lot of difficulties. We would probably be very sorry in the future under different personnel. We might get into certain difficulties when we wanted information. If those officials wanted to postpone the weigh-over indefinitely we would be in a pretty tough spot. I think it is a safeguard we owe to the people of the country. I should like to see the section dropped.

Mr. BURTON: I believe that anyone familiar with the movement of grain will realize that during the past few years we have gone through an abnormal situation, but we also realize, as the member for Souris has pointed out, that that situation has pretty well disappeared. I cannot see why the board should need these additional powers entering this period after the war.

As has been pointed out they have a leeway of six months during which they can ask to have this weigh-over. I should like to ask the commissioner if in the history of the board in the years prior to the war at any time they found it impossible to comply with the Act within that six months period of time. If it was not necessary prior to the war then I cannot see why we should need to

incorporate an order in council into a permanent statute. As has been pointed out the minister himself admitted the other day that it was taking a considerable amount of power on the part of the board, and he felt inclined to agree to the withdrawing of that section of the bill.

I would suggest that if he still feels the same way about it that in all probability the work of this committee, in so far as this bill is concerned, will be greatly reduced if he will make a statement to that effect now. Then we can go ahead with the other minor details of the bill.

The CHAIRMAN: Has anyone else anything to say?

Mr. BENTLEY: I should like to ask the witness this question if I may. Is there not some other way that the things you envisage as being necessary could be taken care of rather than putting it into an Act? As Mr. Ross and Mr. Burton have just said we may have a new Board of Grain Commissioners one day with different ideas than those of the present members of the board. That might possibly affect the whole matter even as to the grading of grain, grade certificates and all these things in view of the regulations for the grading of grain that have been introduced in the last five or ten years. Is there not some other way this postponement could be given, if necessary in the future, without having it embodied in a statute?

The WITNESS: Mr. Chairman and gentlemen: Frankly I do not know any other way unless we take the law into our own hands and ignore the limitations that are now in the Act. The Act specifically says those weigh-overs shall be not less than nine months and not more than fifteen months. I confess to you we would not be very happy if we were forced into a position where we arbitrarily had to ignore the limitations of the Act.

I think this might be said. Both the operators and ourselves want the weigh-over. The operators want it to check their own operations to see where they stand at any given time. We want it because we have got to check their stocks against outstanding papers to see that they are operating in accordance with the Act, and so on.

Of course, I appreciate what Mr. Ross has said. I also appreciate the fear that is in your mind, but frankly I cannot see that there is any very great danger for that reason. Ordinarily we weigh these houses over every year. One can only suggest possibilities to you. It is conceivable if we had a big crop in this country this year, 1947, next year we might have a surplus. The big terminal annexes at the head of the Lakes have largely disappeared and we might be faced with this problem again. If you do not write it in now we will have to come back and either persuade the government to pass another order in council or ask you to amend the Act. We can conceive of the terminal house at Churchill being plugged with grain almost at any time if the boats cannot get in there, and we simply could not weigh the house over. If there was a strike in shipping circles and ships were not coming into Vancouver we might have a house at any time, even in the face of a short crop, tied up by reason of no ships being available. I admit to you quite frankly these are only contingencies, and we do not want to urge these things to you unduly. We simply suggest what is to us a really difficult problem. Personally I do not see the dangers that you suggest. The secretary has just handed me a note about something I had forgotten. The board's regulations at any time can be rescinded by the Governor in Council so the final power is not in the hands of the board but of the government. So that if we take undue advantage of the regulations prescribed the government can always rap our fingers, tell us we are wrong and correct the situation.

By Mr. Wright:

Q. Would it meet your necessity if the Act was extended for another three months, from nine to eighteen months instead of from nine to fifteen months?

Would that meet the circumstances which might arise in the future?—A. Yes, I think it would very largely, or if you would extend it for say twenty-two months. The reason I suggest twenty-two months is we might weigh over at the beginning of a crop year and then run on over towards the end of the second crop year. Frankly I do not think under anything like normal conditions there would be need for any longer period than twenty-two months.

Mr. WRIGHT: Mr. Chairman, in that case I would suggest instead of carrying this amendment as we have it here that we amend the other Act to make it from nine to twenty-two months rather than allowing the board itself to prescribe the circumstances under which a weigh-over may take place. It seems to me we are setting a precedent here. We are giving the board authority to ignore an Act of parliament or to set aside an Act of parliament. I would much rather see the Act changed so that the board can operate under it rather than to give them the privilege of setting aside the Act.

Hon. Mr. MacKINNON: That would be satisfactory.

The CHAIRMAN: Is there anyone else who has anything to say?

Mr. QUELCH: I was somewhat surprised to hear anyone suggest that the day of surpluses may be over because I think we are very likely entering a period in the not far distant future when one of our big problems once again will be large grain surpluses. For that reason I can appreciate the need for some action along the lines of the amendment. I think perhaps the proposal suggested by Mr. Wright might be a good one. I should like to hear the reaction of Mr. McKenzie to that suggestion.

The WITNESS: I can say at once that would be satisfactory to us. All we are asking you to do is to make it possible for us to operate the Act without breaking the law.

Mr. WRIGHT: Then I would ask the clerk to draft an amendment to that effect and present it to the committee. I am not lawyer enough to be able to put that amendment in the correct form. I would ask the clerk to do that and present it to the committee. Probably we could go on with another clause while that is being done.

Mr. DECHENE: I will second that motion.

The CHAIRMAN: Mr. Wright moves, seconded by Mr. Dechene—

Mr. BURTON: While we are waiting for that could Mr. McKenzie give the committee a little information along the line of the question that I asked before as to the experience of the board in the years prior to the war? Was the nine months period an insufficient time? How many times did the board run up against any difficulty?

The WITNESS: Would you mind if I asked Dr. MacGibbon to answer that? I was not with the board prior to the war. I would be speaking only from second hand information.

Dr. MACGIBBON: Mr. Chairman, Mr. Minister, and members of the committee: The odd time the weight-over might not be completed within the limits of the Act. It might run over a week or two weeks, that is, they would be working in the elevator and not complete it. That is one factor in the case. You see a weigh-over at a large elevator where there is a lot of grain will take from twenty to forty days. The other point is that it was only in 1939 that compulsory weigh-overs were instituted in the eastern division. That is from Port Arthur eastward. That takes in the elevators on the great lakes, the St. Lawrence and on the seaboard. So that as far as our experience under normal conditions with regard to those we have not had any. With a number of those we have encountered the necessity of making use of the order in council on various occasions in the last three or four years. I think that answers the question. I should like to add one point which has not been touched on. Under our regulations we bond the elevators, but we ask a 15 per cent additional bond if

they are estimated rather than weighed-over which puts an additional cost on the terminal elevators until they are weighed over. That is to cover any possibility of error in the estimate. In making the estimate the engineers give us the cubic capacity of the bin. The inspection department takes samples of the grain to see what its weight is per measured bushel. That is the method by which the estimate they make is arrived at.

In order to cover any possibility of the bond not being large enough we take 15 per cent additional bond during this period when it has not been weighed over and is estimated. In one large elevator a number of bins were weighed over that had previously been estimated and had not been touched, and that covers probably three times what is necessary as far as experience is concerned. That is a point that has not been brought up.

Mr. Ross: May I ask you while you are on your feet how long you would suggest in this proposed amendment of Mr. Wright so as to be safe if there is a big surplus?

Dr. MACGIBBON: There is a point there I have not worked out because you see it has got to be weighed over in the crop year, and there are certain seasons of the year where it is just impossible to weigh it over.

Mr. Ross: That is just what I had in mind when I asked that question.

Dr. MACGIBBON: I am not sure when you try to deal with it in this way whether you are actually helping us as much as you think. I would have to look at the dates. There are certain times when the elevators become empty in different parts of the country. I am not sure whether the additional months would help us very much at all.

By Mr. Senn:

Q. May I ask a question? I hesitate to demonstrate my ignorance of the wheat situation and wheat problem by asking this question. Are these weigh-overs, as you call them, carried out simultaneously all over the country or are they at different times of the year? In an ordinary business you take stock every so often, and it is of a certain date. I cannot understand the value of the weigh-over unless they are undertaken simultaneously throughout all elevators in Canada. Could the chairman explain that?—A. In the problem of weighing over terminal elevators is, of course, the problem of geography. They are located in the eastern division and the western. We send out crews of weigh men to weigh these various houses. They may be at Sorel at one time, at Montreal another time, and then go on up to Kingston and up through the lake system, so that it is not possible to do this as you might take stock in a firm. I do not know how many terminal elevators there are, but each of these represents, if you like, a separate institution that must be weighed over. In so far as circumstances will let us we try to do this so that we can use our men to the best advantage possible. I do not know whether or not that is the information you want.

Q. There is one point I do not quite understand. Suppose you weigh the eastern elevators first at a specific time and then you go to the other elevators, or putting it the other way around, suppose you weigh the western elevators first and then go to the east. In the meantime some of the grain has been moved from the west to the east so that your weigh-over is not of value?—A. No, that would not apply because you shut the house up during the process of weighing. You seal up the bins and everything during the process of weighing up, so that if anything moved out of a western elevator after that weigh-over it would not affect the results in that western elevator at all. Similarly we close the eastern bay port elevators during weigh-over and we know exactly what was in there at that time. We want to determine first of all that there are no overages accumulating, and secondly to see that the stocks in the houses correspond with the documents that are out against the grain.

Q. It is not really a stock taking at all?—A. Not in the ordinary sense you use the term.

By Mr. Townley-Smith:

Q. I wonder if Mr. McKenzie could tell us in the event of accident or error how long it would take to discover that error under the present setup, and also if he could tell us what the margin of error has been, either overages or shortages, and whether there was any difference in this error after the board received its powers under the order in council, whether it actually made any change and gave you more leeway, increased your margin of error, whether it made any difference, or whether the matter of error is an important factor at all?—A. First of all I would say that the circumstances and the results disclosed by weigh-overs did not change materially after the order in council was passed as against our experience previous to that. If you want any figures relating to that I will ask the secretary for them.

Dr. MACGIBBON: The annual reports of the Board of Grain Commissioners show where in one or two cases there has been an overage which has been taken by the Crown.

The CHAIRMAN: Would you speak up, please?

Dr. MACGIBBON: I think probably we have one or two elevators where there has been an overage accumulated and has been taken by the Crown. Does that answer your question?

Mr. TOWNLEY-SMITH: Pretty well.

Mr. BENTLEY: I should like to ask another question if I may. The Board of Grain Commissioners has had a lot of experience and they know pretty well why the regulations have been amended from time to time to meet the complaints of farmers and farm organizations. One of the regulations in effect now is one that has curtailed mixing in terminal elevators to the extent, I believe, that outgoing cargoes, in particular contract grades, must contain 25 per cent minimum and 75 per cent maximum. If I remember correctly it must never be mixed down below the standard or minimum.

Now, this was done in order to prevent terminal operators who may be less conscientious than some of the others from taking advantage of the farmer. In the proposal to extend the time from fifteen to twenty-two months or from nine to twenty-two months, it makes thirteen months' difference which is more than a year. Would it be possible, Mr. McKenzie, for a less conscientious terminal operator to mix some of his commercial grades with his contract grades for outgoing cargoes, then plan on making this up out of the new crop year knowing, possibly, and in some cases probably, there would be a thirteen months spread instead of a six months spread to make up the difference. Do you get the point I am getting at?

The WITNESS: Yes. Frankly, gentlemen, I do not think there is any danger of that or, if it was done, it would be revealed in the weigh-over.

Mr. BENTLEY: You could catch that in the weigh-over?

The WITNESS: Yes. If we have any reason to suspect there has been some deliberate attempt to raise grades or by mixing to improve their position we immediately investigate. Operators are subject to heavy penalties if we are able to prove it. The lengthening of the period by a few months does not adversely affect the capacity to check that situation at all.

The CHAIRMAN: There has been a motion moved by Mr. Wright that clause 1, which we are now discussing be redrafted to provide that the period between weigh-overs be extended from nine to twenty-two months rather than the present period of nine to fifteen months. All in favour of this motion?

The WITNESS: Just a moment, Mr. Chairman, Dr. MacGibbon has been working with my assistants and they have just handed me this note. I think you had better read it, Mr. Rayner.

Mr. RAYNER: The Board's limitation now in the Act for weighing-over these elevators in the crop year restricts the benefit of the fifteen month period because if we weigh-over in one crop year and it takes place in the last month of the crop year, then there is only a period of twelve months left in which you must weigh-over for the next crop year. Then, if you have the fifteen months' period you can go to the fourth month in the next crop year. If you weigh-over in the sixth month of one crop year, you have until the ninth month in the following crop year.

The nearer you get to the end of one crop year when you weigh-over, the less becomes the period between weigh-overs. The normal practice in terminal elevators is to weigh-over as near as possible to the end of the crop year. Therefore, your extension from fifteen to twenty-two months does not give you any grace at all. If you weigh-over in July, which is the end of the crop year, you must weigh-over in the next crop year which means you must weigh-over by July in the following crop year, irrespective of the fact the Act gives you the fifteen months. It was for this reason I was pointing out to the members of the Board that the twenty-two months' period does not really ease the situation very much.

Hon. Mr. MACKINNON: Is it not better than fifteen?

The WITNESS: In odd cases it would be better than fifteen months.

Mr. ROSS: According to your argument eighteen months could be just about as useful as twenty-two months to you?

Mr. RAYNER: Yes, generally speaking, the extension does not mean much because in normal times at the head of the lakes we generally start about the fifteenth of June with the idea of getting finished by the thirty-first of July.

Mr. GOLDING: Does this amendment which is proposed in section 1 help your situation any more than what has been suggested here?

Mr. RAYNER: The amendment from the committee does not help the situation at all, in my opinion.

The CHAIRMAN: The amendment which is here in clause 1?

Mr. ROSS: Do I understand you to say that you would be just about as well off with what is now in the Act by which you have from nine to fifteen months, as to have the proposed amendment which covers twenty-two months? Is one just about as useful as the other?

Mr. RAYNER: One is about as useful as the other.

Mr. BERTRAND: Would the extended period hinder you?

Mr. RAYNER: No, it would not hinder. The limiting factor is that you must weigh-over in each crop year which is just a period of twelve months.

Mr. JUTRAS: What period would help you?

Mr. RAYNER: The period would not help at all; we have to do it in every twelve months. It might aid things where we weigh-over in the first few months of the crop year.

Mr. WHITMAN: What then is the object of this amendment?

Mr. RAYNER: The object of the board in amending Bill 4 is to give the board an opportunity to make regulations where, under certain circumstances, we would not be required to weigh-over in each crop year. We would miss a crop year.

Mr. WRIGHT: In offering that amendment, I offered it on the assurance of Mr. McKenzie that it would assist the board under the circumstances which he

described. If it does not meet the requirements of the board why, of course, there is no object in voting on it. I would like Mr. McKenzie's opinion as chairman of the board, whether this amendment does, in any degree, meet the needs of the board. I must say that if this amendment does not pass, I would be forced to vote against the amendment as it stands at the present time, that is, allowing the board to miss a crop year altogether. I think it is very essential to maintain the confidence which the growers have in our board. I am afraid we would be undermining that confidence by allowing them the right to miss a year entirely with regard to the weigh-overs.

The WITNESS: Perhaps I am only illustrating the fact that someone should not speak without figuring the actual effect of the thing. My opinion is it would help us in some cases. It would not entirely solve the problem so far as we are concerned, but I, personally, feel that if we had that seven months to work in, to that extent, it would help. It, perhaps, does not completely solve the problem. If you men are afraid about giving us too much power or, shall I say, too much leeway in which to work, the other would help us to the extent to which you give it to us.

Mr. SINNOTT: Mr. Chairman and Mr. McKenzie, don't you think, under existing conditions, with the small carry-over we now have, by changing the extension of nine to fifteen months to six to twenty-two months, that would take care of the situation for the next couple of years, anyway?

The WITNESS: That is what I am saying, sir, it would help us to that extent. There might be a situation where it would not entirely meet our needs, as my colleagues have said, when they come to look at the absolute arithmetic of the problem which I have not had time to do. However, I do not think there can be any other answer to it but the fact that you give us seven months more. It is seven months more to address ourselves to the task, even though there still might remain the odd time when that does not entirely meet the situation.

Mr. ROSS: I am more convinced now than ever that this Act should be left the way it is at this time. Everybody admits that this is not going to be a difficulty, at least within the next twelve months. I think the commissioner is pretty sure of that.

The WITNESS: There might possibly be a difficulty in the next twelve months.

Mr. ROSS: We will likely be meeting in Parliament annually and if this situation does turn up we can deal with it at that time. I know there has been a lot of thought put into the drafting of that section of the Act which states there must be a weigh-over in each crop year and that the time elapsing between consecutive weigh-overs shall not be less than nine and not more than fifteen months. That was not done without a lot of reason behind it. I am rather averse to changing that. I am not going to argue with the member for Acadia as to whether we will have great surpluses in the future or not, but I am willing to gamble that we will not have them in the next twelve months. If we start calmly we can deal with the matter and give it more study at that time. However, I do not think we are going to have that difficulty in the future; but, if we do, we can deal with it at that time because it is as a result of our past experience that this section of the Act is there now.

The CHAIRMAN: We have before us this motion of Mr. Wright. What do you intend to do with it? I will have to put it unless he withdraws it.

Mr. JUTRAS: Before you do that, I wonder if we could get the other side of the picture? I understand that during the war the time did occur when there were such surpluses that you could not make the weigh-over. Now, what are the

consequences of that, the adverse consequences, if I may put it that way, to the farmers? How does it affect the machinery for which you are asking in the extension of time—that is, this difficulty in carrying out this weigh-over?

Mr. ROSS: Did you say prior to the war?

Mr. JUTRAS: During the war.

The WITNESS: I can only speak out of my experience. I say to you in the utmost sincerity that we have no reason for fear from the operation of the Act and the results of the extension as we have practiced it during the last four, five, or six years. We cannot see any reason to be apprehensive.

Now, I am just telling you of our own experience. You may decide what you want done about it. If I thought there was any real danger, I would not be here asking for this.

The CHAIRMAN: Do you wish to vote on it, Mr. Wright?

Mr. WRIGHT: Mr. Chairman, I do not want to press the matter, but if it does not accomplish anything, and, apparently, there is a little difference of opinion between the secretary and the chairman of the board as to whether this would accomplish any useful purpose—unless it does accomplish a useful purpose, I have no desire to press it. However, I do say that if this amendment is not accepted so far as I am concerned, and I think our group is concerned, we will not support the amendment as suggested in Bill 4; now, that is the position.

Mr. GOLDING: I think Mr. McKenzie should make it perfectly clear to the members of the committee what he had in mind in asking for the amendment which we now have in clause 1, and what effect that is going to have. I think the members would like to know just what you had in mind.

The WITNESS: I am sorry if I have not been clear. I have tried to tell you as plainly as I can that we would like to see this amendment as now drafted in the bill before you put through. If you fear the effect of putting it through, the next best thing is to accept Mr. Wright's amendment; but I would like to ask Dr. MacGibbon to say a word to you. Mr. Wright's amendment would help us to the extent it gives us just that additional time in which to weigh a house over.

Dr. MACGIBBON: I do not wish to add much except to say that when I was asked a question by Mr. Ross I said I was not sure. The general situation is that you have a half dozen different concrete situations with which the board is faced. As Mr. Rayner said, the low point for the head of the lakes is just at the end of the crop year, just before the wheat crop comes in. Now, that is one situation which has been worked out there; so it would not help us at all, or hardly at all.

However, we have Vancouver. The low point, when it is desirable to weigh-over at Vancouver, is altogether a different period of the year. This might help us, there. Then, you have Saint John and you have the harbour board. Well, obviously, the point the harbour board wished to weigh-over might come in March. So, you run more or less over the whole of Canada when there are traditional times for the weigh-over to take place. This matter has to be worked out very carefully to see whether Mr. Wright's amendment might help or whether it would not be likely to help. I think that is the first point.

The other point I would like to make is that the weigh-over calls for much organization of our weighing staff by the chief weighmaster. While the crop is shipping out in the fall from the head of the lakes and coming in from the country, the whole weighing staff is pushed and the chief weighmaster has to work out a sort of routine. He has to organize his weighing staff. He is organizing at the present time to weigh the eastern elevators as their stocks which they accumulated at the close of navigation emptied out; that would be the period

we would have to weigh there. There is another point and that is that the board and the weighing staff have to estimate an elevator and then watch it for a long period which is simply a headache to the board. They would much prefer to weigh as a matter of routine at the same time every year, and the elevator companies would much prefer it.

In addition to that, as I said before, the fact that the elevators do not get weighed at that time means a penalty for them, an additional bond, which, to some degree, makes them anxious to get it over. They are always anxious to get it at the lowest point they can because weighing an elevator over in three days means much less expense to the elevator and the board than it would to weigh it over when it takes thirty days. That is the situation there. Our board would always like elevators to be weighed over at the same time each year. It is the simplest thing for administration.

Now, as to what will happen in the future, I do not know. If I might make a personal remark, I think, having brought the situation to this committee's attention I have discharged my responsibility. Whatever you wish to do is quite satisfactory to me. We might run into a situation in Saint John when we would have to shut the port down for fifteen days. It is all right to say—perhaps I should not speak this way—but it is all right to say Parliament can always fix things up, but my experience is, you try to get these things on before you want them.

Mr. Ross: Perhaps you would not have this information at your fingertips as regards the eastern seaboard, the port of Saint John about which you were speaking but could you give us the dates of the weigh-overs?

Mr. RAYNER: The Canadian national elevator at Saint John was weighed-over in April, 1946; in March, 1945; in April, 1942; and in April, 1941. The Canadian pacific elevators at West Saint John were weighed-over in April, 1946; in March, 1945; and in June, 1944. They were really weighed-over there when the winter season for navigation closed.

Dr. MACGIBBON: In Vancouver it is always in June, and that illustrates the point I am making that there is a time for each place. Our chief weigh-master must organize his men. Sometimes we have even had to bring weighmen from Vancouver to the eastern elevators in order to have sufficient men there when there were heavy stocks.

Mr. Ross: Do you expect that difficulty during this present year at the eastern terminals?

Dr. MACGIBBON: Frankly, no, but I do not know. I would not like to be quite definite.

Mr. Ross: The point is, in fairness, would that apply to Churchill?

Dr. MACGIBBON: I would not think so. No. Well, I don't know. I don't know what would happen at Churchill.

Mr. Ross: No one denies that, but I believe it is probably true that the big movement will be by rail to the seaports the rest of this year. There is a strong eastern movement of wheat, although a lot of it is still out on the prairies; a good deal of it is not even at the head of the lakes.

Mr. MACGIBBON: At the present time there is a very heavy movement of wheat, as you know, to Vancouver, as well as to the eastern seaboard.

Mr. Ross: I meant to both seaboards.

Mr. JUTRAS: What is the situation with regard to Churchill? Would you be forced to do this as you have been doing it under the order in council? Is there any question in regard to Churchill?

Dr. MACGIBBON: I don't know. There is a peculiar situation at Churchill in that you can't get ships in there every year. We have had times in the past when our elevator there might be full up and there might be no ships at all in

there during the rest of the year, and you would have to go in there and maybe spend a month or six weeks trying to get a weigh-over with the elevator filled to capacity.

Mr. RAYNER: I might tell the committee that the Churchill elevator had no weigh-over for the crop year 1941-42, for the crop year 1943-44, for the crop year 1945-46—it was weighed-over in September last year after shipments went out. And so we had to apply the order in council to Churchill for three separate crop years.

Mr. JUTRAS: That is what I was afraid of, and the only reason I bring this up is that it is quite possible that in cases such as that where you have no weigh-over for a considerable period of time, you would need the provisions proposed by this clause. But what I want to know is this: could such a situation develop say in the eastern division at the seaboard; could such a situation arise at other points? And, with this definite leeway in the Act they would have a provision which would enable them to get it done, but such leeway is not provided in the Act at the present time. In that way they would be able to use more grain than they otherwise could handle.

Mr. MENARY: Mr. Chairman, I would like to ask this question. This has to be done every year, is that right; or is it every fifteen months? I understood that elevators had to be weighed-over every twelve months.

Mr. MACGIBBON: You may have fifteen months. Elevators must be weighed-over once within the twelve-month period of the crop year. They have got to be weighed-over every twelve months. You may weigh them over at nine months, or it may not be until fifteen months.

Mr. HARRIS: On the basis of the present order in council I would like to ask a question of the chairman of the board. The purposes back of the order in council were made perfectly clear; that the weigh-over should be delayed if carrying it out would delay the receipt of grain at the elevator. Is that to be the basis on which we are to arrange the weigh-over in future.

The WITNESS: That would be the basis of the regulations we would set up.

Mr. HARRIS: Have you got a copy of the regulations that you propose to pass?

Dr. MACGIBBON: No, we have not.

Mr. HARRIS: I suggest that it might be desirable for the committee to have that before them; because, after all, you are asking a committee of this house to delegate to you certain powers. I thought when the gentleman who last spoke was speaking (Dr. MacGibbon) how helpful that would be for us. I wondered, not knowing anything about the grain trade, whether he was speaking about it being helpful to the elevator men. I wish he would clarify the point and let us know whether it is going to be helpful to the elevator operator or the grain trade. Which one is it going to help?

Dr. MACGIBBON: Both. You see, when you start your weigh-over you have to have an empty bin in the elevator. The elevator company have to have their men work running it off over the scale where it is weighed for them, with the result that there is a large staff of elevator employees at work and there is a large staff working for the weigh-master. Another point in that regard. There were two or three cases of this during the war, admitted it is not likely to occur again; but in two or three cases the weigh-over was deferred because of a shortage of electric power in Ontario and along the seaboard. They could not get power at all, and they were for that reason during the war requested to delay the weigh-over, on occasion.

Mr. HARRIS: I think that is fair enough. There is another matter, and it is this. You have a staff of persons who carry out this weigh-over and you try to lay out your work so that in every crop year they get around and do their

job completely. Now, when you do that, you do it on your own; you do not go to the elevator operator and ask him when it would suit his convenience for you to do it, do you?

Dr. MACGIBBON: We do not do that, but they often tell us when would be a convenient time, when their stocks are down to a low point. On other occasions we have people who do not want to be weighed-over just then on the ground they have too much grain on hand. When we get a report from them we must, of course, arrange to do the work within so many days. We try to meet their request where it is possible. That seems a reasonable way, and we go ahead and do it.

Mr. HARRIS: Well then, if we pass these regulations under this clause your decision will always be based on the fact that you are not going to defer that weigh-over unless it would hold up the receipt of grain in a particular elevator; or, is that going to be the basis on which you will act?

Dr. MACGIBBON: Yes; or, there may be so much grain at the elevator at that particular time that it would not be practical to carry out a weigh-over. In that regard I think it is correct to say that a government department in work of this kind does get into a routine. They would much rather do the work at a regular time than have to keep coming back a number of times before they are able to carry out their weigh-over.

Mr. HARRIS: Then, that is the basis on which the Board of Grain Commissioners will apply it. I take it that it is quite unlikely that they will actually exercise this power, at least during the next few months. Its application would really depend on the size of the surplus we have. In other words, at the present time you are not worried about the situation at all. You are carrying out the weigh-overs every crop year. Are you doing that?

Dr. MACGIBBON: No, sir; we are not.

Mr. HARRIS: I mean, during 1947.

Dr. MACGIBBON: No, sir. Weighing depends upon the time that the new crop comes in, and the condition of the new crop. There is always the element of uncertainty and if anything does happen we would have this provision with which to meet it. I do not expect it will happen, but should a situation arise where it becomes necessary or desirable to defer a weigh-over this would give us the power with which to do it.

Mr. HARRIS: Supposing at the end of the crop year, which I understand is either the end of June or the end of July, whichever it is—suppose you have a large carry-over some place and you are not able to do the work. What is involved in that? At the present time your specific order in council runs out on the 31st of March. If we do not extend these powers for you what would happen? Is there any penalty?

Dr. MACGIBBON: I do not think there is any penalty. I think that under ordinary circumstances if we went ahead and did that and there was a delay the penalty would be on the board.

Mr. HARRIS: The penalty would be perhaps on you. By the way, has that ever happened in peace time—that you did not get the work done during the crop year?

Mr. RAYNER: I have the complete records of the board before me here and I find no case where we have not got it done within the time set. We take it that as long as we start the weigh-over by the last day of the month we have complied with the Act. If we have started the weigh-over within the crop year we have taken that as complying with the Act. Sometimes it has been difficult to get it all completed, but we have started the weigh-overs before the end of the crop year.

Mr. HARRIS: I thought it would be well to have that clear for the western members who would be prepared to support this amendment, provided it is clearly understood; and that your power was based on the reasons you give in the order in council; and provided that where there is an extension of that power you will continue to exercise it under those conditions.

Mr. GOLDING: Mr. Chairman, the Chairman of the Board of Grain Commissioners has intimated that the amendment put forward by Mr. Wright will be helpful. I think we should support the amendment, and I would suggest that you put it to a vote.

The CHAIRMAN: Gentlemen, this is the amendment:

That Clause 1 be redrafted to amend section 138(1) of the Canada Grain Act, as amended by Chapter 36 of the Statutes of 1939, by the deletion of the words *fifteen months* in the last line thereof and the substitution therefor of the words *twenty-two months*.

Amendment agreed to.

The CHAIRMAN: Then we will go on to clause 2 of bill 4.

Mr. DIEFENBAKER: Mr. Chairman, I would like to ask a question in connection with this particular proposed amendment. As I understand, it would mean this: Between the time a farmer places his order for a car on the order book and the time the car arrives, if he has delivered a carload of wheat to the elevator, in such a case the elevator company can place themselves in possession and make delivery of the car. That is correct, is it not?

The WITNESS: Yes.

Mr. DIEFENBAKER: This looks like a rather far-reaching change. While I have no objection to it—in fact, I am inclined to support it—I would like to get some information with regard to the circumstances under which order in council No. 7594 was passed; and also whether or not representations have been received from the pools or from the private elevator companies as to whether or not they desired this amendment. I would ask the Minister (Hon. Mr. MacKinnon) if he has any correspondence on this matter to place before the committee; and I would also ask the Chairman of the Board of Grain Commissioners if he has any correspondence, or if any representations have been made to him with respect to the matter, to the end that we may be in a position to know whether this suggested amendment is in fact reasonable and acceptable.

The WITNESS: Mr. Chairman, speaking generally, in reply to Mr. Diefenbaker, while there have not been any communications come direct to me my information is that all three of the western pools support this proposed amendment, and that at least a number of the northwest line elevator companies are not favourable to it. Does that answer your question?

Mr. DIEFENBAKER: Did you say they are not favourable?

The WITNESS: Yes.

Mr. DIEFENBAKER: In other words, there is no opposition at all?

The WITNESS: Well, the northwest line elevator companies did not like it.

Mr. DIEFENBAKER: But you have the support of quite a number?

The WITNESS: They did not like the proposed amendment.

Mr. DIEFENBAKER: And can you give us the reasons why they are objecting to it?

The WITNESS: I should prefer, if there are representatives of the northwest line elevator companies here, that they would speak for themselves.

HON. MR. MacKINNON: Do you know that they are opposed?

THE WITNESS: As I say, I have had some information.

Mr. DIEFENBAKER: Have any representations been made in writing, or is it just information that has come to your attention?

THE WITNESS: I mean there has been nothing come to my attention in writing.

Mr. QUELCH: Mr. Chairman, I would like to ask Mr. McKenzie whether or not this amendment would affect the allocation of cars to any one of these line elevators. The usual practice is that the ordering of cars and the allocation of cars to an elevator depend directly on the amount of grain on hand ready for movement. Under this clause would the elevator be the one to order the car, or would the farmer having the grain to deliver also be able to order a car? In this way would you not make it possible to increase the number of cars reaching an elevator? I was wondering as to why the amendment was needed. It has been the principle in the past that cars are allocated on the basis of storage capacity rather than on any waiting list. I wonder if you can give us any information on that.

Mr. SINNOTT: Probably I can throw a little light on this for you. I believe this will strengthen the case of the farmer. I believe in the street price there is a difference of one cent and a half per bushel and this will give the farmer an additional cent and a half. The only thing that can possibly arise is as to the point that Mr. Quelch raised with regard to the elevator agent and the C.P.R. agent conniving to give the elevator companies the cars instead of the farmers. I should like to know if a farmer has any trouble in getting a car where he can go to complain? If the C.P.R. agent or any company agent seems to be giving preference to the elevators where can he go?

THE WITNESS: Replying to that question I would say that the provisions of the car order book govern. If a farmer has his name on the book and has any reason to believe that any company is getting a car out of turn he can let us know and we will investigate immediately. This amendment does not change those facts at all. The car order book would still operate. I hesitate to say anything because the companies may not like this, but I think their fear arises from the competitive nature of the business. Some companies feel that other companies are better organized locally to go out and persuade a lot of farmers to put their names on the order book and by that means get more cars. My judgment does not accept that statement because I think it applies equally whether or not this amendment goes through. These same companies would have their agents active in the country soliciting the farmers' grain. When a farmer comes in to sign the order book, whether or not this amendment goes through, they are still asking that farmer and urging that farmer to have his car spotted at the elevator company. I cannot see that this amendment changes that situation a bit. What it does do is as the hon. gentleman has suggested. In my judgment it puts the producer in a little bit better bargaining position. If he has to wait a long time for his car it may save him some storage charges on the grain and it may save him interest on advances against the price of his carload of grain.

Hon. Mr. MACKINNON: May I say a word in answer to Mr. Diefenbaker before it runs on too long? Mr. Diefenbaker asked if I had any correspondence or communications from the trade or any other organizations. The only correspondence I have had is a telegram from J. G. Fraser, Vice President of the Northwest Line Elevators Association in which he expresses opposition to this particular clause; a telegram from Mr. Plumer, Secretary of the Alberta Wheat Pool in which he expresses very strong support of all amendments suggested; a telegram from Mr. Milliken of the Saskatchewan Pool in which he very strongly supports this particular amendment we are discussing now, and a telegram from Mr. Parker in which he expresses very strong support for the weigh-over and also this section.

Mr. ROSS: May I ask one question on that? You mean for the weigh-over as contained in the Act or the proposed amendment?

Hon. Mr. MACKINNON: As contained in the Act. Pardon me, I mean in the bill.

Mr. ROSS: The bill.

Hon. Mr. MACKINNON: I thought you were referring to the amendment extending the period to twenty-two months.

Mr. ROSS: I mean as between your bill 4 and the Act he is in favour of the bill as drawn.

Hon. Mr. MACKINNON: He is in favour of bill 4.

Mr. LEGER: May I ask who Mr. Parker is?

Hon. Mr. MACKINNON: He is of the Manitoba Pool.

Mr. ROSS: President of the best pool in the west.

Mr. BURTON: What I wanted to draw to the attention of the members of the committee was that generally speaking neither the farmers nor the elevator companies like to be bothered with a car order book when it is not necessary. I should like the members to have that understanding. We like to get along without the car order book, but there are occasions when it is necessary to have the car order book.

In that case when I or any other farmer deliver grain to an elevator and have completed delivery of a carload my name is on the order paper for a car to be obtained in rotation. Cars may be scarce, as we very often have found, in a period of time when we need the car order book, and it may be quite a while before that car arrives. In the meantime I have commitments that I have to fulfil, and I am apt to become liable for storage if I do not move that grain within a certain length of time.

In view of the fact I have that car ordered and I have delivered grain to the elevators I think it is only just that I should then be allowed to transfer my right in that car to the person to whom I have sold the grain. May I point out to Mr. Quelch who raised the question, I believe, that if I then go out and place my name on the car order book for another car my name will go down on the bottom of the list. It will only be supplied after the others have been supplied, and in turn I must deliver grain to the elevator to make it possible to make use of that car.

Mr. QUELCH: May I interject there? There is a saving there because the minute you sell your grain to the elevator you are able to put your name down on the car order book immediately instead of having to wait for another two weeks in which time a number of new names may be put down which will delay your order.

Mr. BURTON: That may be true to that extent, but not to the extent of interfering with other people's right to obtain cars at the time. What I was going to say before I was interrupted was that situation applies not only to the pool elevators but to the line elevators. Whether I haul my grain to a line elevator or to a pool elevator when I have delivered that carload of grain and my turn comes for a car that car has to be spotted at the elevator I have designated. Consequently the person buying my grain should, in my opinion, have the right to make use of that car.

Mr. QUELCH: I want to make it clear that when I spoke I was not opposing. I thought I made it clear I was supporting. I was merely pointing out why I thought in all probability the line elevators were opposing it, because they feel this will benefit those elevators that are able to get more business at a point.

Mr. WRIGHT: I am very much in favour of this amendment. I think it does something for the farmer. I think he is the man we should be helping. I do

not think it works to any particular disadvantage to any grain company. If the grain companies have their business organized properly they are all in the same position. Therefore I certainly would support the amendment as it is.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Just a minute.

Mr. TOWNLEY-SMITH: I should like to raise this point. Coming from an oat growing district I should like to know what would happen under these circumstances. A farmer puts his name on the car order book and immediately starts to haul in not one carload but two or three carloads to the elevator. He gets that in before his turn comes for the car. In the meantime he sells one carload. When the car comes in are we going to have a tangle there as to whether the elevator man gets it or the farmer gets it for one of his other carloads? It is a situation that could happen quite often.

The WITNESS: I do not think there is any danger. A man starts to deliver one or three or four cars to an elevator. He puts his name on the car order book for a car. That stands good until the car is delivered. Then if he wants a second car after that car is delivered to him his name goes down at the bottom of the list.

Mr. TOWNLEY-SMITH: But who is first and who is second? When there are 6,000 bushels in the elevator who is to take the first car and who is to take the second car? The farmer has sold 2,000 and owns 4,000. When the car comes in he wants it and the elevator man also wants it. I do not know whether I am making myself clear.

Dr. MACGIBBON: My understanding is when a farmer sells his grain to the elevator the elevator agent notifies the station agent and gives him proof that so and so has sold his wheat to the elevator. That car is then marked to the elevator for that particular carload.

Mr. TOWNLEY-SMITH: I am afraid I did not make myself clear. The farmer hauls 6,000 bushels to the elevator in two or three carloads. In between putting his name on the list and getting the car he sells one carload, 2,000 bushels, to the elevator. A car comes in. The farmer has 4,000 bushels in the elevator. The elevator man has bought 2,000 bushels. To whom is the car going? The farmer wants it because he has 4,000 bushels. The elevator man wants it because he has bought a carload from him.

Dr. MACGIBBON: He is allowed to put his name on the car order book for one car. He has 4,000 bushels of grain in the elevator. He sells the elevator agent a carload of grain. The elevator agent gives proof to the station agent that that farmer has transferred his right to that car. The fact that he has a lot more grain in the elevator does not affect the case. The station agent does not know anything about it.

Mr. TOWNLEY-SMITH: I am afraid it is not as easy as all that because the farmer will argue the 2,000 bushels he sold to the elevator man were the last 2,000 bushels he hauled in, and he wants the car for the first 2,000 he hauled in.

Dr. MACGIBBON: I have no doubt you are right. You have those cases.

By Mr. Fair:

Q. I was wondering whether it is compulsory for a man to turn over his right to the car simply because he sells a carload of grain to the elevator?—

A. That is purely optional.

Q. Does that not answer Mr. Townley-Smith?—A. He may do it under that proposed amendment.

Mr. SINNOTT: I believe before we pass this clause in section 4, line 4, there are two words to be deleted, "or delivers".

The CHAIRMAN: Are there any other questions? It has been moved by Mr. Harris that section 2 pass with the exception of the deletion of "or delivers" in line 8, clause 2. All in favour of that?

Carried.

We will go on to clause 3. All in favour of that clause carrying?

The WITNESS: This has to be amended.

The CHAIRMAN: Had we better let this one stand the same as clause 1 which is to be redrafted?

Hon. Mr. MACKINNON: This is all drafted.

Mr. RAYNER: We have copies here.

The CHAIRMAN: We will pass them around.

3. Section one hundred and two of the said Act is repealed and the following substituted therefor:

Fire and explosion insurance terminal and Eastern elevators

102. The manager of every licensed public *terminal* elevator and of every licensed semi-public *terminal* elevator in the Western Division and of every licensed elevator in the Eastern Division shall at all times keep all grain in such elevator fully insured by companies approved by the Board against loss by fire and *inherent explosion* during such time as it is stored therein or is in course of delivery into or out of same.

Fire insurance country elevators

2. The manager of every licensed public country elevator shall at all times keep all the grain in such elevator fully insured by companies approved by the Board against loss or damage by fire during such time as it is stored therein or is in course of delivery into or out of same.

Adjustment of claims

3. The loss, if any, under every policy of insurance issued pursuant to this section shall be payable to the holders of elevator or warehouse receipts for grain stored in such elevator as their interests may respectively appear, and the claims of such holders shall have priority to any claim by the manager of the elevator or by any assignee of such manager.

Are you ready? Will Clause 3 carry as amended on the sheet?

Mr. HARRIS: I so move.

Carried.

Clause 4?

Mr. ROSS: That will have to stand. You will want the same amendment you have in section 1, will you not? They refer to section 1, isn't that right, Mr. McKenzie?

The WITNESS: I suppose that is so.

Mr. ROSS: You will have to let it stand.

Hon. Mr. MACKINNON: That amendment has been carried.

Mr. BENTLEY: The amendment to 138 in the last line—that should be changed to twenty-two months.

The CHAIRMAN: Yes.

Mr. BENTLEY: Could that automatically be done because of the resolution that was passed?

The CHAIRMAN: We will have to have clause 1 re-drafted with the amendment. Will this committee have to meet again to pass that new draft or will the amendment which has been moved by Mr. Wright be re-drafted, put in, and passed without another meeting of the committee?

Mr. ROSS: My feeling is you have to meet again to pass the new draft.

The CHAIRMAN: Clause 4 and clause 5 stand?

Mr. ROSS: That is the point I was raising. The bill would come before the committee in the properly drafted form and the committee would then pass it.

Mr. HARRIS: My understanding of section 1 of Bill 4 was that it gave the power to the board to make certain regulations as to not having to weigh-over. This amendment which was directed at that section actually was an amendment to section 4 of the bill, or section 5 of the bill, which, if carried would eliminate entirely section 1 of Bill 4. In other words, the board would not have any power by regulation, to extend the time of the weigh-over. It seems to me we have, by resolution, eliminated section 1 of the bill entirely and that now we are about to amend section 4 to eliminate the words which were underlined and change "fifteen" to "twenty-two". Having done that, our job is done.

Mr. ROSS: That is right. If we carry it out it can be done in a minute or two and it would save the committee meeting again.

The CHAIRMAN: I understand you to mean that if we pass four and five by changing that word "fifteen" to "twenty-two", then we automatically wipe out clause 1?

Mr. TOWNLEY-SMITH: They delete the first part, the underlined part of four, also, where it says, "except as otherwise provided by regulation or order of the Board".

The CHAIRMAN: What is your pleasure on that?

Mr. HARRIS: No, Mr. Wright will have to move the amendment along that line for section 4, and we can pass that.

Mr. WRIGHT: I would move that in section 4, those words "except as otherwise provided by regulation or order of the board", be deleted and that in the last line of that section 4, "fifteen" be changed to "twenty-two".

The CHAIRMAN: All in favour of that?

Carried.

Will there be the same thing for clause 5?

Mr. WRIGHT: I would move the same amendment for clause 5, that the words "except as otherwise provided by regulation or order of the board", be deleted and that "fifteen" in the last line of the clause be made to read "twenty-two".

The CHAIRMAN: All in favour of that?

Carried.

Clause 6?

Carried.

Clause 7?

Mr. ROSS: I would like to ask a question on clause 7. I think the commissioner can explain it very well. I think I have an idea about it and I think we are in agreement, but I would like the commissioner to give us his reasons for this. I think I am in agreement with him on it.

The WITNESS: This amendment is made necessary by reason of the fact that during the war years we were developing new crops and there is no provision in the Canada Grain Act for grading these new crops.

Mr. ROSS: I suppose they are pretty much in the experimental stage and you have to have this authority?

The WITNESS: We have to have the authority to define the grades. We define the grades according to the experience we have.

Mr. BENTLEY: May I ask Mr. McKenzie a question with regard to the schedule for oil seeds? Have the producers of forage crops, these new grading specifications, and the handlers of them in the country made representations, or have they been advised of the schedule of grades? Are they satisfied with them?

The WITNESS: So far as I know, yes. Now, whether they have been directly advised or not, I am not sure.

Mr. BENTLEY: I should also have included those who are going to receive them and process them.

The WITNESS: However, the fact remains we have been operating under these grades for the last two or three years. Everybody knows about them. Our authority was given to us by order in council and now we are asking you to write that authority into the Canada Grain Act.

Mr. BENTLEY: You have had no objections?

The WITNESS: No objections. Everybody is asking that this be done.

Mr. BENTLEY: The Grain Standards Board sit on this each year the same as they do on grain?

The WITNESS: Yes, they can if there is any necessity for it. The people can bring the matter before the grain board.

The CHAIRMAN: Clause 7?

Carried.

We will come back, then, to clause 1, because there is a motion passed that clause 1 be re-drafted. Now, it is suggested that it might as well be deleted. Is there a motion made to delete clause 1 entirely?

Mr. WRIGHT: I would so move.

The CHAIRMAN: It is moved by Mr. Wright that the bill be amended by the deletion of clause 1. All in favour?

Mr. BURTON: Just one more question. We were moving along fairly rapidly for a while and I do not recall whether we definitely passed the amendments as offered here in the sheet which is in front of us.

The CHAIRMAN: Yes, that is right, we have. There are some schedules to this bill. Shall schedule 1 carry?

Carried.

Schedule 2?

Carried.

Shall the preamble carry?

Carried.

Shall the title carry?

Carried.

Shall I report the bill as amended?

Carried.

Mr. BENTLEY: I would like to tender my congratulations to the chairman on having conducted the committee so well.

The Committee adjourned at 12.45 p.m.

SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

BILL No. 261—AN ACT TO AMEND THE PRAIRIE FARM
ASSISTANCE ACT, 1939

TUESDAY, JUNE 10, 1947

WITNESS:

Mr. A. L. Stevenson, Department of Agriculture.

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

1947

REPORT TO THE HOUSE

TUESDAY, June 10, 1947.

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

THIRD REPORT

Your Committee has considered Bill No. 261, An Act to amend the Prairie Farm Assistance Act, 1939, and has agreed to report it with amendments.

All of which is respectfully submitted.

ROBERT McCUBBIN,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, June 10, 1947.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. R. McCubbin, presiding.

Members present: Messrs. Argue, Barrett, Bentley, Bertrand (*Prescott*), Black (*Huntingdon*), Bryce, Burton, Cardiff, Charlton, Coyle, Cruickshank, Dechene, Desmond, Douglas, Drope, Dubois, Fair, Gagnon, Gardiner, Gibson (*Comox-Alberni*), Golding, Gour, Harkness, Harris (*Grey-Bruce*), Jutras, Kirk, McCubbin, McGarry, Menary, Quelch, Robinson (*Bruce*), Ross (*Souris*), Sinnott, Townley-Smith, Warren, Webb, Whitman, Wright, Wylie.

In attendance: Mr. A. L. Stevenson, Department of Agriculture.

The Committee proceeded to consider Bill No. 261, An Act to amend the Prairie Farm Assistance Act, 1939.

On motion of Mr. Ross, clause one was amended by the insertion of the word *farm* between the words *co-operative* and *association* in the fifteenth line thereof.

Clause one, as amended, was adopted.

On motion of Mr. Harris, clause two was amended by the deletion of the word *continuously* in the seventh line thereof.

Clause two, as amended, and clause three were adopted.

On motion of Mr. Bentley, clause four was amended by the insertion of the word *farm* between the words *co-operative* and *association* in the seventh line thereof.

Clause four, as amended, clause five and the title were adopted.

The Bill, as amended, was adopted, and the Chairman ordered to report to the House accordingly.

At 12.55 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

June 10, 1947.

The Standing Committee on Agriculture and Colonization met at 11 a.m. The Chairman, Mr. R. McCubbin, presided.

The CHAIRMAN: Gentlemen, we are meeting today to consider a certain amendment to the Prairie Farm Assistance Act. This bill was referred to us by the House and it is up to us to deal with it. What is your pleasure in respect to it?

Mr. HARRIS: Pass the confounded thing and get it over with. Let's get to work.

Mr. BENTLEY: Is it the intention of the minister that we should have before us representatives of organized farmers in so far as this bill is concerned; or, is it the intention that invitations be extended to organized farmers to appear before this committee.

Right Hon. Mr. GARDINER: There have been no invitations extended to anyone to attend the committee. That is a matter which is in the hands of the committee. I do not know that there is anything—perhaps I should not say this—that any representative of a farm organization could place before this committee that could not be just as well if not better placed before the committee by the members themselves. We have not invited any representatives of organizations.

Mr. BENTLEY: Might I go just one step further and ask the minister if there is any objection to having representatives of organized farmers make application to be heard?

Right Hon. Mr. GARDINER: I think that is entirely in the hands of the committee. I do not know that there is very much that they could add to what is on the record here and what I am sure the members have. If the committee desire to have representatives of farm organizations here, I have no objection.

Mr. HARRIS: Mr. Chairman, I wonder if we could organize ourselves along the line I want to suggest to you. There are certain amendments suggested to the Act, and in the debate in the House I think, generally speaking, the members were in accord with the changes to be made. In addition to that, of course, several members have spoken, indicating that a much wider sanction should be given to the Act than these proposed amendments which we have before us. I suggest, therefore, that we should proceed in the normal way, take the amendments as they come, judging them on their merits; and have an explanation made by the minister as to the purpose back of the amendments; then, if there is general debate and other points come up, they can be taken up at the end after we have dealt with the particular amendment we have before us; and, if at that time the committee desires to hear representatives from farm organizations I think we should consider it then. My own opinion, of course, is that we do not add very much to the value of the committee by doing that, because I have seen enough of these committees and enough members from the west to know that they can present the arguments of the farmers better than could the farmers themselves, and I am sure they will do it here on this committee.

The CHAIRMAN: Has anyone anything to add to that? Is it your pleasure that we deal with this bill clause by clause?

Mr. DUBOIS: Is it the intention to deal with the Act or the bill?

The CHAIRMAN: With the bill. I think you ought to have copies of it; if not, the clerk will see that you are supplied. It is bill No. 261.

Section 1—definition of “crop failure.”

What is your pleasure with regard to that?

Mr. CARDIFF: May I ask you to refer to subsection (3) of clause 1; where it says:

“(3) Paragraph (e) of subsection one of section two of the said Act is repealed and the following substituted therefore:—”

I refer to the subsection defining “farmer,” which reads:

“(e) ‘farmer’ means a person who as owner or tenant operates a farm in the spring wheat area or who as a member of a co-operative association is engaged in farming in the spring wheat area;”

Right Hon. Mr. GARDINER: That is the intention. That is the present position in relation to the Act; it is clearly defined that the Act applies to the spring wheat area.

I should say while I am on my feet that I made a remark the other day in the House in regard to subsection (d) in (2); subparagraph (2) that is “cultivated land”. We are leaving out of that definition the phrase, “and which land has not reverted to natural prairie.” That can be dealt with under the regulations. The regulation (6) established that no acreage award shall be made on the following plan—and the lands are indicated in that—(e) farm lands declared as submarginal and ordered evacuated under the provisions of a provincial statute. That is one that can be enlarged upon in the regulations. To cover the lands referred to.

Mr. QUELCH: Should not the definition “farmer” say something about the age, because there has been a lot of dispute about the age of a person who can qualify. That has in the past been dealt with by the regulations. I believe it reads “nineteen.” I can think of a case where a boy may be farming who is only 18 but who is on his own. I would consider that he would be entirely qualified to receive the benefits under the Act.

Right Hon. Mr. GARDINER: That has been taken out of the regulations and it is clarified now.

Mr. WRIGHT: Who has the regulations? I think we should have them on the record, at least, each member of the committee should have a copy for his information and guidance.

Mr. QUELCH: Mr. Chairman, I would suggest that a copy of the regulations be given to each member of the committee.

Right Hon. Mr. GARDINER: Perhaps I should read to you a portion of the regulations now that a question has been raised as to who is a “farmer”, entitled to benefit under the scheme. The regulation is as follows:

8. No person shall be considered to be a farmer under the Act unless:

1. He is the owner or tenant of a farm from May 1 to November 1 in any year; provided that where a farmer dies or becomes mentally incompetent and where the operation of a farm is being continued by a person who:

- (a) is related by blood or marriage to the deceased or mentally incompetent person, or
- (b) is the sole beneficiary of the deceased or mentally incompetent person, or
- (c) is operating the farm on behalf of a beneficiary living on or within twenty miles of the said farm, who is primarily dependent upon

such farm for a living, and notwithstanding the provisions of subparagraph 2 of this regulation; such person shall be considered to be the owner or tenant of the said farm for the purposes of the aforesaid Act and if the demise or insanity occurs after an acreage report under these regulations has been filed by the deceased or mentally incompetent, such report shall be deemed to have been filed by the operator.

2. He lives on the farm and his primary occupation is farming, or he lives not more than 20 miles away from the farm and has no occupation other than farming, and

3. He is responsible for the farm operations and the disposal of the proceeds from the farm, and

4. The farm has not less than 25 cultivated acres or, having less than 25 cultivated acres, is in the development stage, and

5. If residing with a parent or a brother he operates the farm as a separate unit, and the farm consists of at least a quarter-section of land.

Now, it is within those regulations that we have to operate. A line had to be drawn somewhere. When the regulations were drawn first the age limit was placed at 20 years. That has been taken out of the regulations now, and as long as he can prove ownership or lease he is entitled to the payment of the award.

Mr. FAIR: What is the idea of having that regulation in there, residing within twenty miles of the land? That is one thing which I believe should be taken out.

Right Hon. Mr. GARDINER: Of course, the whole intention of the Act is to encourage people to stay on the land and live on the land and operate it. During the drought period there was a tendency for people to get away from the land because of the debts that had been run up—particularly store bills. This Act was passed for the special purpose of encouraging people to stay on the land; and then, too, it was intended to encourage the division of land as between father and son, and for that reason a son can live at home and use the equipment of the father for the working of the land, provided he could show his interest in the land under the provisions of these regulations, and that he is handling the place himself, handling the finances; in short, that he operates the land himself. When we deal with a man living on the farm his main occupation must be farming. It may be that he will have certain sidelines as so many farmers do such as operating an elevator at a siding which is near his farm. Or a farmer may own a threshing outfit and go out to thresh. He may go out and do road work for a certain part of the season for the municipality. These things are not intended to disqualify. But, if he is giving all of his time to some other occupation and living on the farm, it is not intended that he should be paid. On the other hand, if he is living more than 20 miles away from the farm it is declared that he should not be paid. If he is living within 20 miles and has any other occupation, he is not paid. If he is living over 20 miles away from it, it is assumed, so far as residence is concerned, that he is not dependent on the farm and that he probably has a separate means of support from that of the land concerned. There has to be some limit. For example, I do not think the Act should accept a person who lives in the United States and owns a farm in Saskatchewan; I do not think he should be allowed to draw an award. Similarly, with the person who lives in eastern Canada and owns a farm in Saskatchewan; or a person who lives in the province of Manitoba and owns a farm in Saskatchewan from which he is more than 20 miles away. As I say, the object of the legislation is to encourage people to live on and operate a piece of land.

Mr. BENTLEY: But are we not cutting that rather fine? What is the difference whether a man lives 19½ miles away or 20 miles away or 20¼ miles away?

I suppose in the case of a man who lives 20 $\frac{1}{4}$ miles away he would be debarred from benefit while the man who lives 19 $\frac{1}{2}$ miles away would be eligible. Why does it have to be made arbitrary? Could it not be left more to the discretion of the board? I have in mind one particular case of which I know where, because of reasons of health, the farmer had to be living in a centre where he could have medical attention, but at the same time he operated his farm; he farms his place. In these days of automotive equipment, a farmer can operate his land living, let us say, 45 miles away just as well as he could if he lived within four or five miles. As I say, in this particular case, because of the reasons I have stated, he found it necessary to live in a town where medical attention was available; yet, because of the 20-mile limit, he is disqualified.

Right Hon. Mr. GARDINER: Where a man has actually lived in his farm and worked it, under circumstances of the sort that you have just outlined, the board take care of a situation of that kind. If a man never had left his farm but happened to be taken because of sickness to a town near where he lives and had always operated the farm, he would be paid; but in cases where he lived over 20 miles away from his farm before taking sick he is not paid.

Mr. CRUICKSHANK: What about the case of a tenant farmer who has to vacate his land, say, by the end of October. I know a couple of cases of that kind where they didn't get paid at all.

Right Hon. Mr. GARDINER: The reason the bill was passed was to make it possible for a man to remain on the land as much as possible. If he goes off the land to seek other employment, he does not get paid until he comes back on the land before the following April. If he is back on the land before the first of May, he is paid. If he goes off the land before the first of November and stays away from it with no intention of going back to work the land he is not paid.

Mr. CRUICKSHANK: But in the case to which I refer he could not go back on the land? You see, he was only a tenant.

Right Hon. Mr. GARDINER: If he sells the farm and departs from it—Oh, you are speaking about a tenant?

Mr. CRUICKSHANK: Yes, a tenant, who has to leave the farm around the end of October.

Right Hon. Mr. GARDINER: If the owner sells the farm and the tenant living on it has to get off before the first of November, he is going to be in a very insecure position. The intention of this bill is to make it possible for a farmer to stay on the land and to work the land in the succeeding year.

Mr. CRUICKSHANK: And if he went back onto another farm this year would he be entitled to benefit?

Right Hon. Mr. GARDINER: Yes, he could be under certain circumstances if the farm were in the same area.

Mr. BENTLEY: Did I understand the minister to say that if a man leaves, let us say, in July, and takes a temporary job—did some building or something like that—as long as he intends to go back by the first of May next year, does that disqualify him for payment?

Right Hon. Mr. GARDINER: He would not be paid until he got back.

Mr. BENTLEY: I see.

Right Hon. Mr. GARDINER: Let us say that he takes a job but he intends to go back and seed the land, when he goes back next year he will be paid for the year in question.

Mr. BENTLEY: He could work the winter any place he could find work, and as long as he went back on the land next year to work it he would get paid?

Right Hon. Mr. GARDINER: Yes.

Mr. ARGUE: Is that provision with respect to a man being on the land from May first to November first found in the regulations, or is it a provision of the Act itself? Where will we find that?

Right Hon. Mr. GARDINER: Section 8 of the regulations provides that he must be the owner or tenant of a farm from May first to November first in any year. I might repeat the section which I read earlier:

He is the owner or tenant of a farm from May 1 to November 1 in any year . . . provided that where a farmer dies or becomes mentally incompetent and where the operation of a farm is being continued by a person who:

2. He lives on the farm and his primary occupation is farming, or he lives not more than 20 miles away from the farm and has no occupation other than farming,

3. He is responsible for the farm operations and the disposal of the proceeds from the farm, and,

4. The farm has not less than 25 cultivated acres or, having less than 25 cultivated acres, is in the development stage, and

5. If residing with a parent or a brother, he operates the farm as a separate unit, and the farm consists of a least a quarter-section of land.

It simply says there that he has to be the owner or tenant of a farm. If he is that for that period of time then he is presumed to have continued on the land. Of course, the fact that he goes away during that period of time stops his payment for the time being because of the fact that the board have no way of knowing whether he is going to stay there or not. If he is back on the farm by the first of May in the following year, then the payment is made to him.

Mr. ROSS: But a change takes place nowadays in respect to mechanization of farms. I know of several people in my constituency who operate farms much more than 20 miles apart. I am thinking now, for instance, of a person who may operate more than one quarter-section and each of those quarter-sections being 20 miles from the other. Assuming that to be the case, would he be entitled to receive the award provided under this legislation under those circumstances.

Right Hon Mr. GARDINER: If he is living on the land, and if he is farming, yes. It is assumed that he is living on one of the three pieces of property to which you have referred, and that as owner or tenant he is operating the others. That is all considered to be a part of his farm. He would be eligible as he would be considered to be living on such a farm.

Mr. QUELCH: Take the case of a man who has a total crop failure. He may be eligible to the maximum payment of \$500, which he would require to pay for seed and feed. As I understand it, he has to remain on his farm until November first. Suppose he had the chance to get work. He knows his crop is going to be a complete failure. Let us say that he goes out and gets work in the middle of August, that he takes a job which, let us say, is 30 miles away; does that 20-mile limit operate in his case; and, would the taking of a job in August also disqualify him?

Right Hon. Mr. GARDINER: You will find the answer to be no. If you read the terms of the regulations which I referred to a moment ago:—

8. No person shall be considered to be a farmer under the Act unless:

1. He is the owner or tenant of a farm from May 1 to November 1 in any year;—

It does not say he is living on it. So long as he is the owner or tenant of it for that period of time. But if he ceases to live on it—that is, if he sells or leases it and moves off the farm, moves away from it, then he is not paid. In interpreting that the board simply says that the farmer operated the farm. He may go and

take a job anywhere. It may be a thousand miles away. It doesn't matter how far away it is so long as he comes back before the first of May of next year. He would still be eligible to receive the benefits of this legislation.

Mr. BURTON: As I understand it, it simply means that the owner or tenant must remain in possession up to the first of November, and if he does that he gets his payments made immediately. If he takes some employment elsewhere owing to the failure of his crop—for instance he may be dried out and he may go and take a job during August or September—in such cases payment is held up until the board are satisfied that he is really back on the land the next year.

Right Hon. Mr. GARDINER: That is the way it works, with this exception that if this man did what most farmers do in those circumstances—if he went out threshing, let us say—he would not be considered as having left his farm because when the threshing season was over he would return to his farm, and in cases of that kind he would be eligible for his payment the first of December.

Mr. TOWNLEY-SMITH: How about a man who has been living on the land continuously but who had to sell his farm before that November 1 date? I have in mind particularly the case of a man who is now 82 years of age. He had a complete crop failure. He sold his farm in September and he is hoping to have the benefits of the bonus payment to help to live over the winter. His application was refused because he was no longer the owner of the land. He is a very old man and he has lived there for a long, long time, but because he happened to sell his farm six weeks too soon under the regulations apparently he is refused the benefits. It does seem to me that the regulations are far too rigid and that they should be administered with a certain amount of compassion. Why, even the army, who are sticklers for detail, have a compassionate section under which they get away from the rigidity of regulations once in a while. I think that is the way our regulations here should be administered. Is there nothing at all which can be done for this man?

Right Hon. Mr. GARDINER: As the regulations stand the report would not be favourable. It is a little difficult to understand why anyone would make an arrangement of that kind or would sell land, or could sell it out in the west, without knowing this situation, because it has been discussed over and over again at every meeting of farmers; and I think any lawyer drawing up an agreement would check into that to begin with. Sometimes people feel that it is better to sell anyway; here is a deal offered, it might not be offered six weeks from now and they sell. I presume they figure when they do that they are getting a better deal than they would get if they waited until later and took this payment. There is no way in which the board can determine what the man thought when he was doing it.

Mr. QUELCH: I still think that rigid 20-mile limit creates unnecessary hardship. Many cases have come to my attention where a farmer and his family have moved in town purely for the purpose of getting their children to school. I think of the case at the moment of a man who moved 24 miles from his farm to get his family attending a school, and just because of that he was deprived of the benefits under this Act because he happened to live for the time being at 20 miles outside the prescribed limit. I think greater discretion should be allowed with respect to this 20-mile limit.

Mr. GOLDING: In administering the Act have you come across many cases of that kind?

Right Hon. Mr. GARDINER: There are quite a number. I get quite a number of communications about them myself. I could not begin to tell you how many. As a matter of fact, when we looked at it in the beginning we thought that if a man lived ten miles away from his farm he should not be paid. I recall that was the attitude at the beginning, but then we doubled it to 20 miles. There may be some question as to whether we should double that and make it 40 miles.

Mr. FAIR: Because of a number of reasons that have been brought in by different members I raise this question. I have similar cases in mind. The minister has admitted now that several cases have come to his attention. It does seem that there should be some change in this 20-mile limit regulation. I think there should be some way of ensuring that no hardship is done to any person who might otherwise stand to benefit under this Act because of the rigid application of a mileage limitation of this kind. I think that part of the Act should be changed. May I also state that I think some modification should be made to this rigid limitation of six months which a person has to be on the farm. I think one or two slight modifications there will result in a great deal of satisfaction to all concerned. There are certainly some things in the regulations which should be changed.

Mr. SINNOTT: I am going to back the minister up. Anyone who lives in the west knows that farmers move their families into town. That is the general procedure. The object of that is so their children will have a chance to go to school, so that they will be closer to good schools than they would be away out on the farm. We must get down to business here and realize that people must stay on the farms. If they are going to live in towns and have the benefits of town life they will have to come under and be subject to these regulations.

Mr. QUELCH: It is all right for the honourable member to say that, but why doesn't he try to be realistic? He knows it may be impossible in the drought area to get the children to school. There are many cases of farmers who live eight and nine miles from school. How are children in such cases to get to school every day? It is impossible. Farmers who want their children to have an education simply have to move into town. Anyhow he knows quite as well as I do what many of these small towns are like; just a few shacks, very often. And they move there for one reason, and one reason alone—in order to give their children an education. You should be the last one to suggest taking that from them.

This is the type of case which should be taken care of, and I am suggesting that the board should be given discretion to allow the bonus to be paid in such cases.

Mr. WHITMAN: What distance would you suggest?

Mr. QUELCH: I would leave that entirely to the discretion of the board in these drought areas. I know the case of a farmer who lives thirty miles from a school. I do not think any distance should be put in there. Let it remain the way it is, 20 miles; and allow the board discretion to pay it where payment is justified.

Mr. SINNOTT: How are you ever going to get schools in these communities whose people won't stay there?

Mr. QUELCH: Give them discretion to deal fairly with cases in the drought area. You know the restrictions there as well as I do. There are cases where you have farms of 3,000 acres where they are only permitted to graze a very limited herd of cattle. Where you have these 3,000-acre farms you must realize that you will never get enough people in one convenient area to justify a school. In cases like that discretion should be allowed.

Right Hon. Mr. GARDINER: May I give what figures I have here? The province of Saskatchewan is divided into six districts. At least, it was during the period for which I have these figures. It is seven now I think. Those figures will cover about one-sixth of the people who are concerned. The number of farmers paid in full in this particular district, 8,580; and the number who were refused because of distance from their farms was 28. There are 28 people in that district, which is about one-sixth of the area. There is another one here; I think

the first is within the area of Saskatchewan—west of Saskatoon, around Rose-town and Kindersley—and that is where I would have thought there would have been the most. The second takes in Mr. Bentley's district, around Swift Current. The number of farmers paid, 9,253; the number refused because of distance, 118. Then I have, I think, one more, the third one—this is in Mr. Carpenter's territory—the number of farmers paid in full, 9,352; the number refused because of distance, 72. So that does give you some idea of the extent to which it operates.

Mr. BENTLEY: Might I support Mr. Quelch for this reason: so far as the farmer is concerned, as I appreciate it, he is concerned with the production of farm products—foodstuffs—and he is asked to make his production as abundant as possible. Because of that, I do not think that a farmer should be deprived of whatever benefits there may be because he maintains a home in town or a village, either for the purpose of residence or for the purpose of having his children go to school. I would not like a situation even such as the figures the minister read out would indicate to us. I think there should be a great deal of leniency in the interpretation of this particular regulation; especially in view of the fact that with the automobile it is possible to cover considerable distances in a comparatively short time. I believe the minister should see that the administration of this regulation is made a lot more elastic so that it would permit those who actually make their living off a farm to receive the benefits that it was intended that they should have.

Mr. HARRIS: Are the figures you quoted for one year, or is that the accumulation to date?

Right Hon. Mr. GARDINER: That is for one year. It might interest the committee to know that some of the correspondence which comes to me on this matter is from people who live in places as far as British Columbia in the west and Ontario and points farther east; for the most part, people who still own the land and people who have hired someone to work the land for them, and they are living away from it. We adopt the position they are not entitled to benefit unless they live within the area. Then, another thing is this, that any departure from these regulations has to be approved by order in council. All such cases have to be brought before council. And, of course, when they come before council it quickly becomes apparent that we are paying out about three and a half times the amount of money we are collecting from the farmers under this scheme, and that means that the money paid to the farmers has to come out of the treasury; and that, in turn, means that everybody in Canada is concerned about it. Now, they say, you have got to be a little bit careful about how you pay the money out. Your intention under this Act is to encourage people to stay on the land, to live on the land. With all due respect to the arguments that have been used, I think that I know the west about as well as anyone here; and my impression is that most people, all of them that I know as a matter of fact, who do go to some place to educate their families; are with very few exceptions able to find a place within twenty miles where they can get a good continuation school. There may be the occasional one who is not able to; but I am confident that if there are cases of that kind and it is so reported to the board that in administering the regulations they would take that into account. But, as I said, any exceptional cases which have to be dealt with must be taken care of through the medium of a special order in council.

Mr. CRUICKSHANK: Does that apply in all cases, Mr. Minister?

Right Hon. Mr. GARDINER: That applies to all cases. That is the only way in which they can be dealt with. If the board refused to pass an application and there was an appeal from the board's decision that is the only way in which it could be dealt with; it would have to go then to council for final decision. At

the same time, I do not think they should be allowed to do something which does not conform to the purpose of the Act; namely, to encourage people to stay on the land and to live on the land.

Mr. CRUICKSHANK: Well, Mr. Gardiner, I know of two farmers in British Columbia. They were both tenant farmers and they were both forced to get off the land in September; and they both had crop failures. One of them was paid and the other was not. They were both completely burned out. Why would that be?

Right Hon. Mr. GARDINER: There must be some special reason which I have not before me.

Mr. CRUICKSHANK: That is a particular case. They were two families from the same district. One gets the payment and the other does not. How do you explain that? Would a case of that kind be dealt with by the board, or would that have to be referred to council? Who is the board anyway?

Right Hon. Mr. GARDINER: Well, there is a board of three. The chairman of the board is at present the Dean of Agriculture, in the College of Agriculture at Winnipeg. He was previously in the agricultural college at Saskatoon. He is chairman of the board. Another member of the board is Mr. Holmes, of Saskatoon; and Mr. Stevenson is the third member and secretary of the board. They are the people who are administering this.

Mr. CRUICKSHANK: Why did they allow the one and turn the other down?

Right Hon. Mr. GARDINER: Well, I don't know the basis on which their action was taken in those particular cases, of course. I can tell you this, however, that they do have a report from the inspector with regard to every case; and where necessary they send the inspector back to get a further report. They make their decisions on the basis of all the facts which are before them. I cannot tell you what they do in individual cases, except for those which I happen to refer to the board personally and on which I receive their explanation and reply as to what has been done. From my personal knowledge I feel obliged to say that in 99 cases out of 100 I have to admit that there is no question about the decisions made. There is the unusual case in which there is some question, and then they discuss the facts before the board and if necessary make a further inspection before reconsidering such a case. I do not know the facts in the cases to which you refer, but I do know that there must have been some good reason for one man getting paid and the other being refused unless as occasionally happens a mistake was made in making payment in one case.

Mr. CRUICKSHANK: But in this case they had no option; they had to get off the land.

Mr. ARGUE: I would like to deal with these regulations, not only the one relating to the farmer being not more than 20 miles away from the land, but also the one which provides that he may have no other occupation at all. I have in mind a number of cases at home where the farm happens to be small and in a dry area. These people have to go to town and they have to have some sort of a secondary occupation, such as working in a garage, or teaching, or in a local mill. Their main occupation is farming. Their farms may be only two or three miles from town. According to the regulations as they stand, and as they are administered by the board, they would not be eligible to receive the bonus. That is the situation which I think should be corrected.

Mr. CARDIFF: I would like to answer that question, Mr. Chairman; if we don't get a crop we get no consideration in here at all.

Mr. CRUICKSHANK: Well what it all adds up to, Mr. Chairman, is this, that out in British Columbia we are carrying the Saskatchewan farmers. I suppose that applies to the whole of Canada outside the prairie provinces.

Right Hon. Mr. GARDINER: In our experience in administering the Act I think there is room for criticism along the lines suggested by Mr. Argue; that is, in connection with those who are under 20 miles from their land. There are some people who are living closer to their farms than others. For instance, there are some who are living, say, a mile or two miles away; living in a village and operating the farm. We say that farming must be their only occupation, and in some cases it is very difficult to make a decision as to whether the farm is the only occupation. A man may go and paint somebody's house in the village. Facts such as those are all taken into consideration, and I think it will be found that the board are very lenient in their decisions. Farming is a 12 months out of the year operation. But, as I said, the board's action in each case is based on the report of an inspector; and an examination of the decisions by the board shows that they have exercised reasonable leniency, and most of these cases are very well taken care of, although in a few cases there would appear to be some hardship.

Mr. TOWNLEY-SMITH: What do you consider to be a primary occupation: that to which a man devotes most of his time, or that which produces most money for him? Have we any leeway with respect to that definition. I have in mind the case of a man who is teaching. He was living on the farm but because of the scarcity of teachers in western schools he taught school. I took the trouble the other day of working out the actual amount of time he put on his respective jobs, shall we say, and I found that he was putting twice as many hours in working on his farm as he was in teaching school—and I do not mean sleeping. Well, he was unable to get any bonus benefit because he was teaching school. That is what prompts me to raise this question of what you consider to be a primary occupation. In this case he did not get any benefit from working the farm at all; his only means of livelihood was what he secured from teaching school. I suppose it may be said that that was his primary occupation because that was his only source of income; although, as I said, he was putting in twice as many hours on the farm as he was in the school, and he was not able to draw any bonus because he was teaching.

Right Hon. Mr. GARDINER: There are so many things that have to be taken into consideration. You will recall that when this bill was up in the House the other day I said that there were at least a million and a quarter acres of land which should not have been brought into cultivation. As a matter of fact, they were taken out of cultivation. I should not say the whole million and a quarter acres were taken out of cultivation because some of them were lands which were ranges on lease. But there have been a million and a quarter acres put in pasture; and every western member knows that there were thousands of acres of land that were shown during the drought period to have been submarginal. People just quit working them and went away and left them. There are some persons who have gone back onto land of that kind. The young man teaching school may possibly have been one of this kind. A lot of people are teaching school somewhere in this vicinity and they take it that they will get part of a piece of land, then they will put a crop in and maybe get something out of it. Some like to get land of that kind and keep it. They may get a crop on it once in a while. I don't know if that would be the case with this friend of yours or not. I gather that in this case submarginal land of this kind was involved. It may have been, or it may not. The point is that each case has to be considered on its merits, and the board would have to have all the facts before them when making a decision.

Mr. TOWNLEY-SMITH: How is that amount which the farmers pay, the fee, arrived at? I think it is one per cent of something.

Right Hon. Mr. GARDINER: I have some figures here before me which may give you some information on that. The amount taken in by way of fees col-

lected during the years from 1939 to 1945-46 was \$21,983,416.21; and the amount paid out down to the same date was \$62,388,395.69, or about one-third of the amount paid was collected from farmers. The farmer pays one per cent of the amount he receives for the grain he delivers at the elevator into this fund. Approximately \$22,000,000 in round figures was paid in and \$62,000,000 paid out. That means that around \$40,000,000 in round figures came out of the treasury.

Mr. COYLE: Is there no other source of revenue except that one per cent?

Right Hon. Mr. GARDINER: No.

Mr. HARRIS: Then there is no need of making any changes there in paragraph (d) to which I referred?

Right Hon. Mr. GARDINER: We will deal with that in the regulations.

Mr. COYLE: I would like to ask a question about that. I come from the tobacco district. I might say that I was one of those who woke up one morning last fall and found that because of a heavy overnight frost I had lost a \$7,000 crop. If we are going to do this for the farmers out on the prairies why should not some consideration be given to us down in Ontario in the tobacco district?

Mr. BENTLEY: I don't want to start an argument, Mr. Chairman, but I would like to ask the minister, in view of what he said in the House—or what I think he said, we will put it—if any crop insurance plan would require the co-operation and consent of the provincial government. Have any conversations or discussions been carried on with any provincial authorities, or with any persons, with a view to supplying for the farmers of Canada as a whole something in the nature of what is taking place through the medium of this Act in the three prairie provinces?

Right Hon. Mr. GARDINER: Yes, there have been discussions on this matter for as far back as I can remember, fifty years or more—I am not able to go back much further than that—between the dominion and the provinces. It was thoroughly discussed around 1900 in connection with a hail insurance plan for the western provinces, and it was brought out at that time that the federal government could not consider such a matter because insurance was a question which under the provisions of the British North America Act rests entirely with the provincial authorities. It was not a matter which could be brought in here at Ottawa. We were told at that time that anything in the nature of insurance had to be brought up in the provinces. That is the reason why the three western provinces did have hail insurance measures. I understand that Manitoba dropped theirs, but as far as Saskatchewan is concerned they still operate under that Act. Any province can bring into effect an Act of that kind if they so desire. The way an insurance act operates is through the payment of a premium. An insurance act of any kind may be brought into effect by provincial governments. When it came to the matter of drought insurance it was found that the losses were so great in a particular year that a provincial government could not possibly hope to take care of drought insurance. Perhaps I could give the committee some idea of what is involved by a few figures. Suppose in one year you had a \$16,000,000 loss incurred through drought. Sixteen million dollars is no easy amount to find, and to meet payments of that size would probably wipe out the fund built up by your premium payments. That is to say, you would collect a small amount of it this year, then next year you have a drought and you more than wipe it out. Let us say you build up a fund of four or five million dollars and drought comes along and you have payments totalling eight to nine million dollars; you simply go broke. And no insurance company, or anyone interested in that kind of thing, would take that sort of risk. Prior to the date of the legislation we paid \$186,000,000 out of the

treasury of Canada to keep people alive; not under this government alone; that includes the amounts paid under the Bennett government. Altogether we have paid, as I have said, \$186,000,000 to keep people living on the prairies. It was decided that it was better to have some system under which the thing would be done in a regular way and under which people would be paid automatically. I doubt if there is any practical scheme of premium payment by which you could create a sum large enough to take care of any losses which might come over a period of, say, ten years.

Mr. COYLE: We still have a lot of vacant farms in Ontario.

Right Hon. Mr. GARDINER: I might tell my hon. friend that I come from Ontario myself, and know as much about it as anyone. The farmers down in that section of the country have received, over the years, just as great benefits as have any in western Canada. If we were to go back over what happened in the last 100 years in the way of assistance to settlement in eastern Canada—not confined to Ontario alone—we would find that there were a lot of things done which by comparison would not reflect any discredit on the help we are giving farmers in western Canada to-day. However, let's get on with the bill.

Mr. BENTLEY: And you say that a charge of one per cent is collected?

Right Hon. Mr. GARDINER: Yes, a levy of one per cent of the money paid for the grain delivered at the elevator is deducted when payment is made to the farmer for grain delivered at the elevator and it goes into this fund.

Mr. Ross: Mr. Chairman, may I call attention to subsection (3), clause (e) the last section of which reads, "or who as a member of a co-operative association is engaged in farming in the spring wheat area." I wonder if the minister would permit an amendment to that so that it would read, "a co-operative farming association." We have heard a lot about co-operatives and I think a distinction should be made which will tie in the specific type of co-operative organization which is contemplated by this section, namely, the farmers' co-operative, or what might be more properly termed, I suggest, the "co-operative farmer association." Would there be any objection to that?

Right Hon. Mr. GARDINER: I do not think there is any objection to the word being put in. I think in the draft it was intended to cover co-operative associations connected with farming as distinguished from cases where you have a number co-operating in a store, which is just a co-operative trading organization although the operators may be farming.

Mr. Ross: There is no objection, then, to including the word "farming" where I have indicated?

Right Hon. Mr. GARDINER: I do not think so, and I think we will do it.

Mr. BENTLEY: Mr. Chairman, may I refer again to the point which I brought up about the possibility of extending insurance provisions such as are provided under this scheme to Ontario and the other provinces of Canada. From what I have seen and heard I know that it would be a benefit to many provinces. I would like to ask the minister if he has received any suggestions from organized farmers in Ontario or from any of the other provinces as to the possibilities of their coming under this Act as it stands now?

Right Hon. Mr. GARDINER: We certainly have had representations from persons, but not provinces, so far as I can recollect. I can recall that we have had representations from farmers who may belong to farm organizations but I do not think any such requests have been received formally from provinces.

Mr. CRUICKSHANK: Didn't our provincial government (British Columbia) make such an application to your government?

Right Hon. Mr. GARDINER: Well, part of British Columbia, that part which is concerned, is already under the Act. I refer to the Peace River clause.

Mr. CRUICKSHANK: Did not the provincial government pass legislation in May of last year—

Right Hon. Mr. GARDINER: I think it is the P.F.R.A. which you have in mind.

Mr. MCGARRY: This thing seems to be getting quite lively. What I have to say, of course, does not apply directly to the bill before us, but I think it is something on which we should have some information. Suppose, for instance, that the province of Nova Scotia were menaced to a great extent by flood waters, ice floes and things which destroyed a great deal of land which was rendered unsuitable for production, I would like to ask the minister if any action has been taken to expand this Act to deal with matters of that kind. Does the initial action have to start with the province? If you were considering an extension of this Act to cover areas such as I have in mind, how would you proceed?

Right Hon. Mr. GARDINER: Any form of assistance which is going to be given under this Act by way of giving out money does not have to start with the province. If we were going to start an insurance plan, that would be taken care of by the provinces. We are giving relief to the areas to which you refer, but we are doing it in another form. You refer, I presume, to the matter of repairing dykes and building ditches for the drainage of the flooded land. We are doing that under another Act; at least, if it were going to be done by an extension of the P.F.R.A. it would be under another Act. It was decided the other day not to do more under that Act but to do it under a separate item in the estimates. We are now carrying on negotiations with the government of Nova Scotia and also with the government of New Brunswick to determine the best manner in which such arrangements could be put into effect. We spent some \$86,000 on that account last year and I hope there will be a larger sum made available for use this year.

Mr. MCGARRY: Who looks after the river waters and their control in New Brunswick?

Right Hon. Mr. GARDINER: Works of that kind are taken care of by the Public Works department, and have been throughout the years. I would not like to say that any plan we are thinking of in connection with agriculture would apply to these rivers. That would be a matter of internal arrangement within the government, as to whether they did it under public works or in some other way.

Mr. MCGARRY: That would come under the vote for public works?

Right Hon. Mr. GARDINER: It would be in the vote for public works; they do the public works on navigable streams.

Mr. JUTRAS: Before leaving this section, Mr. Chairman, I wonder if it would be in order for us to consider the matter of the definition of "township." We are frequently encountering difficulty, in Manitoba particularly, because the only definition on which we have to go is that contained in this Act: "'Township' means . . . a township according to the system of survey authorized by the Dominion Lands Surveys Act." As you know, in Manitoba there is a very large area made up of river land, land which lies along the Assiniboine and the Red rivers; and when it comes to an application of the Act there is no definition as far as I know, and there is nothing in the regulations which provides for the extension of these benefits to those lands described as river lots. I know that in my area we had a very extensive crop failure one year and we tried to devise some kind of a plan, but we never succeeded in arriving at a satisfactory one. While we have this Act before us I believe some provision should be made to include these river lots. I think we should be able to clarify the section in

such a way that they could be brought under the regulations; and in such a way that Mr. Stevenson or the minister would be in a position fairly to deal with any claims which might arise from such lands.

Right Hon. Mr. GARDINER: Apparently the only definition we have to go by at the present time is that contained in the interpretation section, subsection (1), which says:

(1) "townships" means, in the provinces of Manitoba, Saskatchewan and Alberta, a township according to the system of survey authorized by the Dominion Lands Surveys Act, and in the province of British Columbia a township whose boundaries are confirmed by the Official Surveys Act of British Columbia.

Now you are suggesting an amendment is required in that particular section?

Mr. JUTRAS: Yes.

Right Hon. Mr. GARDINER: I have just been discussing that with the secretary (Mr. Stevenson) and we will have another look at it. There have been some difficulties in connection with it, and if it is necessary to have something in the definition we will introduce it into the House.

Mr. JUTRAS: Is there anything in the regulations which covers that point? I think it would be proper to add a clarification to the definition of "township" as it is now, because in the Red River valley and in the Assiniboine river valley in Manitoba there are large tracts of land which are made up of river lots and wood lots. The act does not provide for these. The definition in the Act only provides for the definition of a township, and it is defined according to the system of surveys authorized by the Dominion Land Surveys Act.

Right Hon. Mr. GARDINER: I would think from reading this that it is the Dominion Land Surveys Act that governs this land.

Mr. JUTRAS: There must be something in the Act which makes provision for these areas, but maybe it is not clear enough to cover these cases, and I am asking that something should be done to cover such cases. The Land Surveys Act does define river land but there is no equivalent to a township.

Right Hon. Mr. GARDINER: If that is the case we will require to have some different wording put in.

Mr. TOWNLEY-SMITH: Should not consideration be given to this matter: a township in the west is a piece of land six miles square. I live in township 48 in range 25. When this survey is being made will they confine themselves to township 48, range 26, or would they have to take half of township 48 and range 26 and half of township 48 and range 25 and still call it a township? Does it have to be the township as it is mapped or can it be any piece of land six miles square that is designated?

Right Hon. Mr. GARDINER: It must be a township as it is defined in the Surveys Act—six miles square. If it is township 48 it is township 48. The only exceptions to that are when you come to the main meridians. The townships are not six miles square. And when you come to the places where you have had to make corrections at the river—the Saskatchewan river particularly—you have small townships put in in order to take care of the necessary correction. Those have always been accepted as townships under the Surveys Act.

Mr. TOWNLEY-SMITH: Could some consideration be given to half of 26 and half of 25 in a township that had been ruined where the other half might be higher? There is a piece of land six miles square that is completely ruined as far as crops are concerned and half comes in one township and half in another.

Right Hon. Mr. GARDINER: Provision is now made, providing that it is contiguous to an area that is already declared to be a drought area or a district in which payments can be made. If the township south or north of those two town-

ships happens to be in either one or the other then you can put in any nine sections that are contiguous to it or you can take up a half or three-quarters of a township and put it in. If there is not area round about it that is subject to drought then it is presumed that that area is submarginal land, and we are not supposed to pay anything on submarginal land.

Mr. ROSS: I would like to support Mr. Jutras in this matter. I know that in the wording of the Act with the officials in Manitoba that question has arisen in the past, and it might become a serious problem; and I hope that in amending the Act you will give consideration to this matter because it prevails in all parts of Manitoba where there are river lots.

Mr. FAIR: Mr. Chairman, the figures given by the minister showed that the farmers had contributed \$22,000,000 to this fund. Since the inception of the scheme we have drawn out a little over \$62,000,000. Some people have a habit of making a lot of these payments. That is one side of the argument. Let me point out that the farmers of the three prairie provinces and the Peace river block this year so far have contributed more than a dollar a bushel on every bushel of wheat delivered under the British agreement. That is so far this year. That, I think, will come off the \$40,000,000.

Right Hon. Mr. GARDINER: We do not think they have.

Mr. BENTLEY: Mr. Townley-Smith was speaking about a certain matter, and I would like to give a concrete example to support his suggestion that the minister give some consideration to this matter. Take the area lying in the apex of a triangle between Prelate and Leader which slopes around and makes a basin in the middle. Now, that basin is almost a Garden of Eden with rarely a crop failure and there are no floods to worry about. The fact is that they have a reasonably good crop nearly every year. However, there are bad years when these good sections usually bring the average for the whole country up higher than will allow for payments under the Act, and the result is that those on the slopes may be suffering badly. Because of the high average they are not eligible for payments because the Act says that there must be a rectangular block contiguous to an area which receives a benefit and that makes it difficult. Because of the particular geographical layout in that particular part of the country you make it almost impossible many times for them to have that contiguity, shall I say, that is necessary to come under the regulations. There must be other places similar to that, and I just mention that case.

Right Hon. Mr. GARDINER: There are scores of places like that; but as I said in the House the other night, there is only one way this can be dealt with and that is under insurance. Now, the provinces can take care of that or if the municipality does it it can deal with the individual farmers. All of our divisions are rectangular or square; there are no lines running any other way. We have no legal way of defining anything except around those squares. The same position taken with regard to the area applies to a farmer. The line as between his good land and his poor land sometimes runs in a diagonal direction across the farm or zigzags across it. We cannot deal with that. We have to say as far as the dominion government is concerned that we are taking care of our responsibilities by taking care of these large square blocks. We say to the municipal organizations and to the provinces: "If you want these corners taken care of other than by direct relief you have the authority to bring in an insurance plan to take care of them; but if you want P.F.A.A. to act you will be prepared to contribute so much money in order to have them taken care of as individuals by collecting from them or otherwise. We have no objection to administering it or to the farmers doing it and administering it; but we do not think the federal government should assume the responsibility for this whole problem. If the smaller areas are to be dealt with we think the province or the municipality concerned ought to do something about it."

The CHAIRMAN: Shall clause 1 carry?

Mr. WRIGHT: I would like to ask a question with regard to cultivated land. The subsection reads:

'Cultivated land' means land that in the year of award was seeded to crop or in summerfallow and includes land seeded to grass in any year if the productivity thereof was maintained in the year of award.

What does that mean? Does it mean that there must be a hay crop cut on it, or does it mean that you can pasture it? What is the definition?

Right Hon. Mr. GARDINER: It really means that the inspector goes out and looks at the land and sees if the fellow has been taking care of it, and if he has been taking care of it the money is paid; but if he has been letting it stand idle and it becomes useless for any purpose whatsoever it will not be paid for. If so, it is not cultivated. It comes down to this: if you leave different kinds of grasses too long without breaking the land up and refertilizing it or doing something like that to it you have not got much left. We reserve the right to say that man is not cultivating the land and we are not paying him.

Mr. WRIGHT: Is it left to the judgment of the individual inspector? There are not set rules?

Hon. Mr. GARDINER: Yes.

Mr. FAIR: May I ask the minister if he has considered reducing the area to make the farmer eligible under the P.F.A.A.? For example, in a number of cases we find there are smaller areas than the required number of sections at the present time, and we have had a number of requests from farmers to have this brought on an individual basis. In some cases they are suggesting six sections in the township regardless of whether they are contiguous or not.

Right Hon. Mr. GARDINER: The same argument applies in your case as in Mr. Bentley's case. If there are small areas like that they ought to be taken care of in some way. The federal government feel that when we are taking care of areas down to a quarter of a township we are discharging what we consider to be our responsibility in the matter; and if the provinces or the municipalities want these other smaller areas dealt with then we hope they will make some proposal in which they will assist in the financing.

Mr. BURTON: Mr. Chairman, while I realize, following the minister's statement made in the House the other day and his explanation today, that there would be considerable difficulty in instituting an over-all group insurance plan, nevertheless I contend that the difficulties are not insurmountable although they would need a considerable amount of co-operation. To get down to the point under discussion, the minister has on occasion, both to-day, and in the House referred to the fact that the smaller areas must, if they are going to be taken care of—in so far as the central government is concerned—must be taken care of by the municipalities or by the provinces. There is a point I wish to direct your attention to and that is that even in Saskatchewan there are large areas that are not in the drought area. In fact, I want the members of this committee to know that the greater part of Saskatchewan is not in the drought area. But we do have occasions when we have a drought even in the better parts of the province, and it comes in the smaller areas. Now, here is the position we are in—and I would like to have the members of the committee who are from other provinces realize the position we are in. We, in all parts of the three prairie provinces pay this 1 per cent on every load of grain we take to an elevator; and in the greater part of Saskatchewan as well as in the greater part of Manitoba and Alberta, owing to the regulations that we have in this Act, we have never any opportunity of making use of the benefits of that Act just because, according to the definition and regulations laid down, certain areas are covered.

Now, the point I wish to bring to the attention of the minister, and it is one that he well knows, as well as do other members of the committee, is that there are many farmers in the prairie provinces who have paid from the beginning their 1 per cent, and they also have paid with the rest of the citizens of the dominion the additional amounts that the dominion has put into the P.F.A.A., and they have never had an opportunity to make use of the benefits of this Act in view of the fact that they have not had a crop failure. I believe that the minister's and the government's purposes would not be defeated if they consent to make a smaller area available under this Act. I believe it could be worked out. In so far as other parts of the dominion are concerned, I do not believe your case would be helped at all by coming under this Act; but I want to repeat what Mr. Bentley said a short while ago, that any time you people can bring, from your part of the dominion, a crop insurance plan that will help you, you will find the people from the prairie provinces backing up your demands in that respect. However, the P.F.A.A. would not be of any help to you; there would have to be something different. However, I do appeal to the minister that when we have the P.F.A.A., and when we tax the people—take from them without any question sums of money to go into their funds—then we should go as far as we can to make it possible when these people have a calamity or a crop failure—and that can easily happen—to get help; and I have noticed from time to time, where a farmer runs his farm as well or even better than his neighbour who is across the township line, that the lack of showers has left him with little or no crop. Consequently, I do believe that when we are going to continue taxing the people we should give them an opportunity to have the benefits when these calamities occur.

Mr. WRIGHT: I want to agree with Mr. Burton. I know an area in the province which has contributed to this fund probably as much or more than any other similar area in the province and has drawn practically nothing from the fund because of the limitations in areas and because of the fact that this is worked entirely on a bushel basis. For instance, a farmer may have less than eight bushels per acre of No. 1 wheat, seven bushels of No. 2, and he comes under the Act; but if he has eight and one-half bushels of feed wheat—if the wheat has been frozen—he does not come under the Act. That has happened on more than one occasion, although he has contributed to the fund ever since the Act was set up. That happens simply because our wheat is of a lower grade, but we have the quantity; therefore we do not come under the Act. Now, I think there should be some other regulations in the Act—the Act should be amended—to cover cases like that, because we get less money. We may get 32 cents a bushel for seed wheat when No. 1 wheat is probably selling at 70 cents a bushel. As far as financial returns are concerned we have just half the return of the area which is actually being paid. So, there are anomalies in the Act which I think should be righted.

Mr. HARRIS: You pay only half as much of the 1 per cent.

Mr. WRIGHT: Yes, but we have contributed over the years. For many years we may have a crop of 40 bushels to the acre and we pay 1 per cent. We have paid into the fund many times what has been drawn out of the fund in our area. I would like to see the Act so worded that we would have more hope when we do have a crop failure of benefiting under the Act as far as the returns are concerned. I think that is fair. Unless there are some changes made in the regulations we can never hope to benefit under the Act in some of the areas. Because of floods last year a large area was never planted. Those flooding conditions were such that the area was not contiguous to an area large enough to be paid, and as a result we did not draw from the fund although contributing to it. If we are going to contribute to it we think we should have the same chance, when we have a crop failure, of benefiting under the Act.

Mr. QUELCH: I think there should be some modification. In 1939 when the Act was brought down we were on a township basis. In 1940 or 1941 there was an amendment made, and that is the condition that exists to-day. That amendment was to the effect that a bonus could be paid provided you had nine sections in a rectangular block and provided those nine sections were contiguous to a township that was eligible. I do not see why it is necessary to have the nine sections alongside a township that is eligible. For instance, you may have nine sections with a total crop failure alongside a township that is not eligible; whilst on the other hand, just one mile south there may be a township that is eligible. After all, nine sections is quite a large block, and a block that size should be a sufficient block to justify the payment of the bonus without that block being alongside of another township that is eligible.

There is another point which I think is unfair. The Act further provides that if you have nine sections of land within a township that is eligible, if it has an average of 14 bushels or more, that nine sections can be taken out. In the nine sections you might have one or two sections that had a total crop failure. If you include those sections in with the nine the yield may still be over 14 bushels to the acre, and yet those two sections would be deprived of the benefit of the Act. That is not fair. Some change should be made. Where it is proposed that a block of sections be taken out of an eligible township on the ground that the average yield is over 14 bushels to the acre the Act should state that no section shall be included in that block if it has less than 8 bushels to the acre. I know a case where ten sections were taken out of an eligible block because the average yield was over 14 bushels to the acre although four of the sections had a total crop failure. The officials pointed out that under the Act they were forced to do it. Under the Act they are not allowed to take less than nine sections out, so they had to include some other sections in order to bring it up to nine. I think the minister will agree that that is not fair. I suggest that at least he will deal with these two situations. First of all say that we will pay the bonus on any nine sections in the rectangular block whether or not they are alongside of a township which is eligible; furthermore, we will not deprive any piece of land of the benefits where it has a yield of less than 8 bushels to the acre, provided it is in a township that is eligible.

Mr. CARDIFF: What does it cost? What percentage does it cost the government to administer this Act over and above what they collect in taxes?

Right Hon. Mr. GARDINER: It does not cost them anything over and above.

Mr. CARDIFF: I mean, the tax you collect?

Right Hon. Mr. GARDINER: It cost \$300,000 odd. I will give it for the last year, which is the highest for any of the years. The total administration cost for the fiscal year 1945-1946 was \$327,418.54. There was \$16,000,000 paid out that year. The total cost of administration was \$327,000 and there was collected on the 1 per cent basis \$3,426,000; about one-tenth of what was collected was the cost of administration.

Mr. CARDIFF: That is not the question I asked. What did it cost to pay for this Act over and above what was collected?

Right Hon. Mr. GARDINER: Oh, I gave those figures before. In round figures, \$62,000,000 has been paid out and \$22,000,000 has been collected from the farmers—\$42,000,000 in round figures; \$42,000,000 have been paid.

Now, a question has been raised about various areas, and I think the best way to indicate what has been paid is to show you this map. The different colours represent the different payments. This map covers the whole area. The coloured portion is where payment is made and the white area had no payments but collections were made over all. The white areas pay in but do not get anything.

That brings me to the point raised by Mr. Wright. I live in one of those townships myself where there never has been any payment made of any kind. We get more than 8 bushels to the acre every year and always have since the Act was brought in. We pay in every year and we get nothing out. I suggest that they are not nearly so badly off where I farm or where Mr. Wright farms as the statement he makes would indicate. We are in a live stock producing area, and we would not be producing live stock if we were in the dry areas. When we get frozen wheat we feed it to the hogs and the cattle, and we are not charged 1 per cent on the hogs and the cattle. That wheat has no 1 per cent paid on it when it is frozen if fed. Very few farmers in the livestock feeding areas sell frozen wheat. We feed it even if we have to keep it for three or four years, and that wheat does not pay into the fund at all, and if it goes into the production of hogs or of cattle we get payments on the hogs and the cattle. We are not as badly off as a mere statement of the kind just made indicates. We are not paying on wheat at all in this bill. This Act does not provide for paying on wheat. We simply use wheat to go through the district and find out whether it was dry in that season. As soon as we find out we forget all about wheat. It has nothing to do with paying on wheat at all. We pay to every farmer who farmed in that area because it was dry and for no other reason. We merely use wheat as a barometer when it comes to taking in these nine townships or taking them out. When this proposal was brought before the government first it was a proposal to add in parts of a township. I must say we started very much below nine when we started to try to get it in. I am speaking now of municipal organizations, farm organizations and representatives of the House who represent farming constituencies. We started with four or six sections and said, "How about that?" Of course, we finally got to the position where it was agreed it might be reasonable to take a quarter of the township and add it on, not take it somewhere else where it would just be a block stuck in in one of these white areas, and which would indicate in all probability the land is poor land, and that the reason it has not got a higher yield of wheat is that it is contiguous to an area that has already been declared to have been a drought area, so we will add on a quarter of the township.

We had to find some way of defining it. You cannot define it as a zigzag. You cannot say anything as to how you are going to determine that. They said it would be a rectangle and nine or more. When we got to that point somebody said "What about these fellows who are just outside of the drought area? Why should they be left in?" Those of us who were advocating putting others in had to agree there was some reason in that. Here you have nine sections that are just outside of that large area that shows here in colour. You have nine sections just along the edge of that area. They are out into the other districts really. If you are going to put those in that are on this side of the line then you should take those out that are on that side of the line.

That argument was put up by those who are protecting the finances of the treasury. They say, "If you are going to take these in we will admit that provided you take these others out". I may tell you that worked very well on the basis it now is, that in order to get in it has got to get down to 10 bushels to the acre, and in order to get out it has got to get up to 14. It is 2 bushels on each side of the line of 12. When we had been paying on 12 we never had many payments between 8 and 12.

I should finish the statement I was going to make. During the period that we were paying on 12 down it was just about equal. The districts that were taken in and the districts that were taken out were just about equal, but now when you have got to get down to 8 in order to get into that position you find there are a great many more of them taken in than are taken out. You never

do get this 14 provision that is suggested, and therefore very few are taken out. I have the figures here in this statement as to what they were last year. It is at the bottom of page 2 of this report.

The above table includes payments made in complete townships found to be eligible under the Act, and also payments in 340 part townships.

In other words we take in 340 part townships.

Section 7-A of the Act provides conversely that blocks of sections must be excluded from eligible townships when the average yield of such blocks exceeds 14 bushels to the acre. Eight part townships were excluded from award under this provision.

You see now with the 14 there if you started to really deal with it as it probably ought to be dealt with you would be losing areas rather than getting areas in. The provision there is that 340 come in and 8 go out. The provision when it was first made meant that about the same number came in as went out. That is because we have departed from the 12 bushels because of the higher price we are now getting for grain. We go down to 8 bushels before we put anybody in, and we do not get anybody out until we get them up to 14.

On the suggestion made by Mr. Quelch, if we were going to follow the proposal made, namely, that we would pay it on a basis of 9 sections or more and put the whole legislation on that basis, not only would we require to go through all this white area and put in areas where it is down below 8 bushels, but we would have to go over all this coloured area and take out blocks that have 8 bushels or more. I doubt very much if that would change the position very greatly from what it is, but it would certainly greatly increase the cost of administration. We would have to go over and check every one of these. Now when you go across the road in a six mile square you find one fellow treated one way on one side of the road and another fellow treated another way on the other side. You would have that same condition around every quarter of a township in the future which would increase the number of people who are dissatisfied by probably three or four times because of comparing their condition with somebody else. I do not think you would help the situation by doing that. We have given a great deal of thought to it. We think it is better to go on on the township basis and make this provision for people being taken in and out around the edge.

The CHAIRMAN: Is that carried with that one word included, "farmer", so that it will read "co-operative farmer association"?

Carried.

Clause 2 of the bill amends section 3 of the Act. All in favour of that?

Mr. JUTRAS: Just for clarification on this section I should like to ask this question. Do I understand from this, taking the example that was given a moment ago, that if the wheat is frozen over a township, for instance, and all we are guaranteed in that township is feed grain, let us say, at a price of 70 cents a bushel, does that mean that that township qualifies for \$1.10?

Right Hon. Mr. GARDINER: If it is over 8 bushels to the acre it does not qualify. If the yield is over 8 bushels to the acre it does not make any difference about the grade of the wheat. It does not qualify. If the yield were 20 bushels to the acre and it was feed wheat that would not indicate there was any drought. In all probability it indicates there was a very wet year and you got frost.

Mr. JUTRAS: Would you mind drawing the line between the two? I have always had a great deal of difficulty in understanding them, crop failure year, and emergency year.

Right Hon. Mr. GARDINER: They do not exist any more under this bill so you can forget about trying to understand them. That does not exist any more. This bill takes that entirely away.

Mr. JUTRAS: Later on there is a clause that provides for 10 cents for each cent that the wheat is below 80 cents a bushel. That, too, is on the basis of yield. I imagine it is a combination of the two that comes into the picture.

Right Hon. Mr. GARDINER: The provision now is that payment is made if there is any township at all in any province that has 8 bushels or less per acre. Under this bill payment is made. If you get back to the position where wheat is under 80 cents a bushel then you get back to the position where you are paying from 12 bushels down and not from 8 down. Under that provision you go out 10 cents on each cent that it is above 70 cents until you get out at 90 cents, but it is paid to the whole amount from 70 cents down.

Mr. ARGUE: Under the crop failure assistance part of the Act there was provision for payment of a minimum amount of \$200 per farmer or at the rate of \$2.50 an acre if he did not have sufficient cultivated acreage to get him up to a payment of \$200. I should like to know if that provision will remain. I do not see it in the amendments.

Right Hon. Mr. GARDINER: That provision remains. It is subsection 5 of section 3 of the bill.

Where not less than one-half of the cultivated land of a farmer that may be included in the computation of an award under subsection 2 of this section is situated in a township in respect of which an award may be made under paragraph (c) of that subsection and the amount that the minister may award to him under that subsection is less than \$200, the minister may, in lieu of that amount, award him the sum of \$200.

Mr. ARGUE: Is that not for a farmer where a part of his land is in a township where payment is not made and a part in another township where it is?

Right Hon. Mr. GARDINER: It covers both, everything.

Mr. ARGUE: If a farmer has 100 acres cultivated and he is in an area where the \$2.50 an acre payment is made he will get \$200?

Right Hon. Mr. GARDINER: A minimum of \$200 in an area where the yield is 4 bushels or less per acre. The minimum is \$200 in all cases. The maximum is \$500.

Mr. FAIR: Clause 3 of section 3 says:

No award under this section shall be made

(b) with respect to more than 200 acres of the cultivated land of the farmer.

If a farmer has 1,000 acres under cultivation and has all the expense of working that land and paying taxes on it and has a crop failure then he only receives payment on 200 acres?

Right Hon. Mr. GARDINER: That is all.

Mr. WRIGHT: I want to take exception to what the minister said with regard to feed grain all being fed on the farm. I think perhaps the farmers in eastern Canada would be in a rather bad position if all the feed grain we grow in the west was fed on the farms in the west. As a matter of fact, several million bushels are shipped every year to the east, heavily subsidized, by the way, but we will not argue that point.

I want to say I really think there should be some provision in the Act to meet this situation. If the financial returns to the farmer are less than the amount that there would be if he had 7 bushels of No. 2 wheat, let us say, if he

has 10 bushels of No. 6 wheat or feed wheat he should be entitled to come in under the Act because the return is less than he would have received or that farmers are receiving who have that return.

Right Hon. Mr. GARDINER: What would you do with a farmer whose pigs take scurvy or whose cattle take black leg, and all that kind of thing?

Mr. WRIGHT: That is a different proposition entirely. This is the Prairie Farm Assistance Act to which we are contributing. We have contributed over the years. As far as the township I am in is concerned I do not think we will ever come under the Act. I hope not. We do not object to paying, but there are marginal areas around the area I represent where they are subject to frost and subject to floods. They are really in need of some assistance just as much as though they were living right in the centre of the drought area. They are contributing to the Act but it is very seldom they can ever get anything out of it because of the way in which the regulations and the Act are drawn. To be fair I really think there should be some leeway given with regard to that. It should be worked on the basis of cash returns rather than paying it on a straight bushel basis because in these areas if they break a new piece of land it is put in wheat. The best land is put in wheat. They try to get as much return as they can from their land with the result that, the basis on which the Act is operated being wheat, they naturally put themselves out of the Act. If they have a high piece of land they can get it in early and they sow it in wheat. Maybe there is only a small portion of the farm that is like that, and a large part of their farm is low land and they sow it in oats and barley. As a result of that they have a greater average yield of wheat in proportion to coarse grains, and it does operate unfairly as far as they are concerned. If in those areas they used coarse grains as the basis of the Act they would come in, but because the Act uses wheat as a basis for determining whether or not they come under the Act, and the highest land is put in wheat, they just do not come under the Act although they contribute to it over the years. I think some consideration should be given to those areas.

Mr. BENTLEY: I wonder if the minister would put into plain language the exact meaning of subsection 4 of section 3, the kind of language he uses to speak to the farmers in the school house.

Right Hon. Mr. GARDINER: It deals with that fellow somebody was talking about a while ago. That is the man farming one piece away from the other. The land is divided proportionately as between the two places in order to take care of what he is entitled to. It is an unfortunate thing.

The CHAIRMAN: Shall clause 2 carry?

Mr. HARRIS: There is just one remark that I want to make. It has to do with the second line of subsection (3). In the definition of farmer above we have gone away from the old definition which said that a farmer is one who is resident from May first to December first. This is an effort, I take it, to extend the Act, and the definition is this, "to each person who was a farmer continuously from the first day of May to the first day of November—." The use of the word "continuously" seems to be a way which would cut down all these benefits which we have been discussing earlier in this meeting.

Right Hon. Mr. GARDINER: According to this, it means "each person who was a farmer continuously from the first day of May to the first day of November in such year."

Mr. HARRIS: If I were to administer the Act I would be stumped by the word "continuously;" and I would have thought that I would have to come back to the old definition we had this morning—the case of a man moving off in July and August to earn some money.

Right Hon. Mr. GARDINER: All it says is, "a man who is an owner or a tenant and operates a farm."

Mr. HARRIS: I agree with you, he operates this farm—

Right Hon. Mr. GARDINER: Either as owner or as tenant he is operating the farm, even though he is not there.

Mr. HARRIS: We are leaving again to the discretion of the local board decision as to whether or not he ceases to be a farmer by doing the act of moving off to assist himself; and I suggest the word "continuously" ties down a lot of the discretion which they have now.

Right Hon. Mr. GARDINER: Probably in explaining it before I did not make myself plain with regard to that. A farmer is a farmer if he owns and operates land.

Mr. HARRIS: I realize that from the definition itself.

Right Hon. Mr. GARDINER: And, in order to operate the land, he does not have to be there himself.

Mr. HARRIS: That is where you change it from residence to something else.

Right Hon. Mr. GARDINER: The position is that in order to prove that he is still the owner and operator of the land the board insists that he go back on the land before the beginning of the next year.

Mr. HARRIS: I see.

Right Hon. Mr. GARDINER: That decides the question which is in your mind?

Mr. HARRIS: I agree that all that is the object back of it; but, you see, if he went to the local board, and in order to prove that he had been farming continuously from the first of May to the first of November he must either have been there himself or he must have left his family on the farm; in other words, either he or his family must have continued there. I think the definition as we have it above there is to be preferred and I think the word "continuously" should be dropped.

Mr. SINNOTT: It is contradictory to the other.

Mr. HARRIS: Of course, if the definition for "farmer" in the previous section is a good definition, then don't do the two.

Right Hon. Mr. GARDINER: We do not think there is any objection to that. Justice put that in.

Mr. HARRIS: That just goes to show you how crazy lawyers can be.

Mr. FAIR: I suggest, Mr. Chairman, that Mr. Harris move an amendment to that line.

Mr. HARRIS: That is what I had in mind. I will do that, if the minister has no real objection to the word coming out; because I do think it is a restriction on the definition of the previous section.

Right Hon. Mr. GARDINER: I am told it would not make any difference in administration. We can take it out.

The CHAIRMAN: Has anybody any objection to the word "continuously" being removed from that section?

Shall the section carry?

Section as amended, carried.

Clause 3:

Mr. BENTLEY: I wonder if the minister will also add Mr. Ross' suggestion in this section; in line 18 after the word "co-operative" insert the word "farm", so that it would read "co-operative farm association".

Mr. JUTRAS: Would this be the place to consider the point I raised about river land?

Right Hon. Mr. GARDINER: I understand that is being looked into; I refer to the definition of "township," with a view to making it cover in a more understandable way the river lots to which you refer. That is the understanding. We will get someone to draft that.

Mr. SINNOTT: That refers to land along the banks of the Red river, for instance; there are so many chains running back so far back from the river.

Right Hon. Mr. GARDINER: They have that in Saskatchewan too.

The CHAIRMAN: Carried.

Clause 4:

Mr. BENTLEY: I will bring that matter of inserting the word "farmer" in that clause 2.

Right Hon. Mr. GARDINER: Yes.

The CHAIRMAN: Shall clause 4 carry?

Carried.

Mr. SINNOTT: With reference to the explanatory note there; we have been talking about crop failure area, I think we have crop failures from other causes as well; for instance, when we have drenching rains such as we have had this spring. How could you describe that as drought crop failure?

Right Hon. Mr. GARDINER: As the Act stands now, crop failure means crop failure within the provisions of section 4, subsection (1) of the Act—"whenever the board find that the average yield of wheat, as a result of anything other than hail, is five bushels per acre or less in each of not less than 171 townships in the province of Saskatchewan, or 19 townships in the province of Alberta, or 64 townships in the province of Manitoba—" the Governor in Council may then declare such provincial area to be a crop failure area. There are few things that would bring that about except drought; unless it be grasshoppers. I do not think you will help it any by saying "drought area". I understand you are not suggesting anything that would be more restrictive.

Mr. SINNOTT: What I want to know is how are you going to consider a year of excessive rain. For instance, back in 1941 and 1942 we had a great area in the Red river valley which was flooded out and we did not realize on our crop at all; but we did not figure that we came under this clause.

Right Hon. Mr. GARDINER: You came under it if they had a whole township. I do not know of any case where they did that.

Mr. JUTRAS: There is one area in the Red river valley which qualified.

The CHAIRMAN: Shall clause 4 carry?

Carried.

Clause 5?

Carried.

Shall the title carry?

Carried.

Shall I report the bill as amended?

Carried.

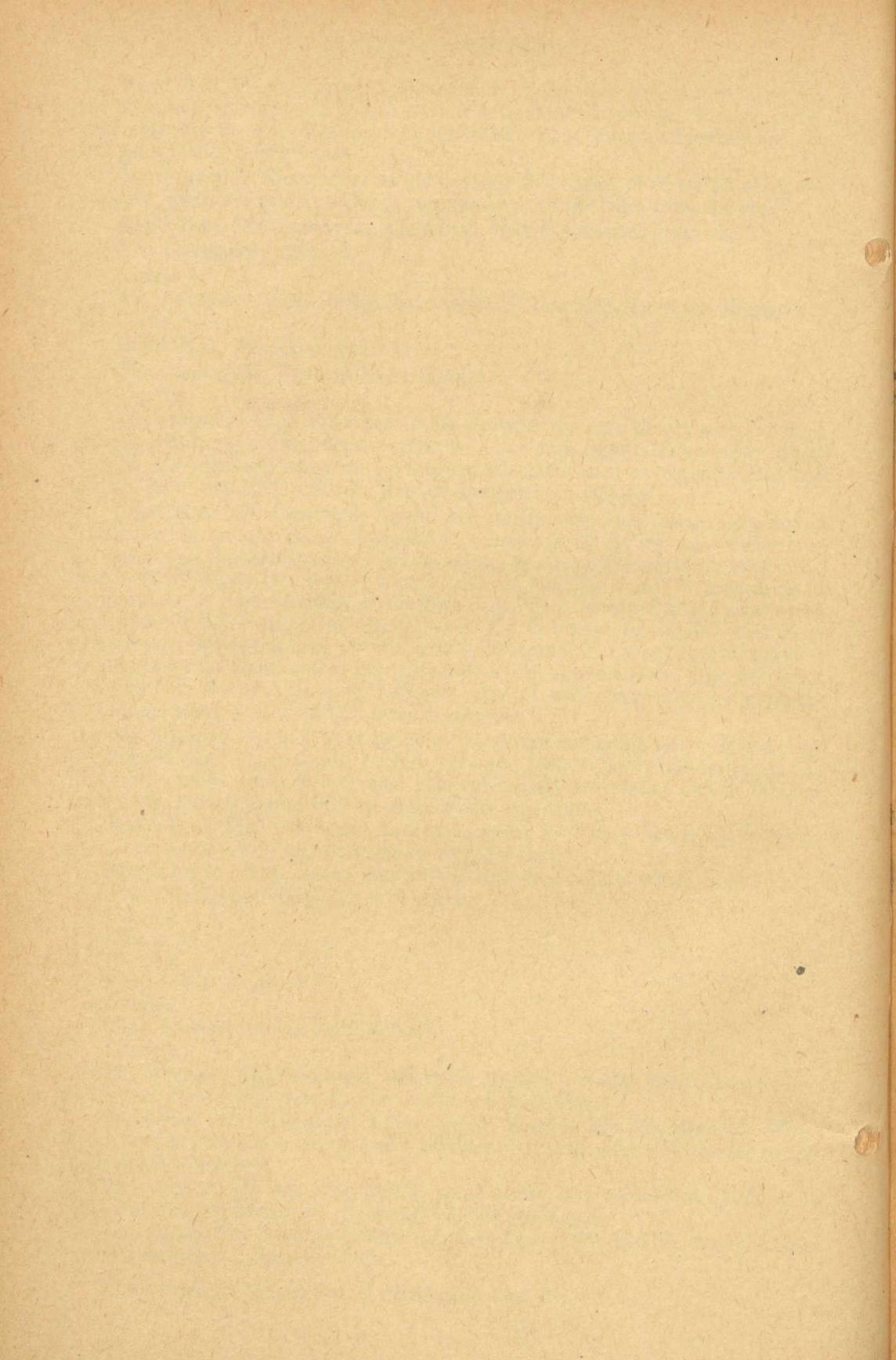
Mr. WRIGHT: Mr. Chairman, before we adjourn I would like to know when the Wheat Board bill is to appear before the committee?

Right Hon. Mr. GARDINER: I don't know. That is Mr. MacKinnon's affair. You have the committee set up and I presume they will refer that matter to the committee at any time.

Mr. WRIGHT: It was supposed to come before the committee. I think it should be referred before the dying days of the session.

Right Hon. Mr. GARDINER: Now the committee is set up I have no doubt it will be taken care of in due course.

The committee adjourned at 12.55 p.m. *sine die*.



SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

REPORT OF THE CANADIAN WHEAT BOARD
FOR THE CROP YEAR 1945-46

TUESDAY, JULY 1, 1947

WITNESS:

Mr. George McIvor, Chief Commissioner, Canadian Wheat Board

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.B.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1947

ORDERS OF REFERENCE

THURSDAY, JUNE 5, 1947.

ORDERED,—That Bill No. 261, An Act to amend the Prairie Farm Assistance Act, 1939, be referred to the said Committee.

FRIDAY, JUNE 20, 1947.

ORDERED,—That the Report of the Canadian Wheat Board for the Crop Year 1945-46 be referred to the said Committee.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 497.

TUESDAY, JULY 1, 1947.

The Standing Committee on Agriculture and Colonization met at eleven o'clock a.m. The Chairman, Mr. Robert McCubbin, presided.

Members present: Messrs, Argue, Beaudoin, Belzile, Bentley, Bertrand (*Prescott*), Bryce, Burton, Clark, Diefenbaker, Douglas, Drope, Fair, Gagnon, Golding, Gour, Harkness, Hatfield, Jutras, Leger, McCubbin, McGarry, Quelch, Robinson (*Bruce*), Ross (*Souris*), Senn, Townley-Smith, Warren, Webb, Whitman, Wright, Wylie.

In attendance: Mr. George McIvor, Chief Commissioner and Mr. W. C. McNamara, Assistant Chief Commissioner and C. B. Davidson, Executive Assistant of the Canadian Wheat Board; Mr. W. W. McVey, C.A., and Mr. C. E. G. Earl, C.A., representing Millar, Macdonald and Co., Chartered Accountants, Auditors to the Canadian Wheat Board; Dr. C. F. Wilson, Director of the Wheat and Grain Division of the Department of Trade and Commerce.

Hon. J. A. MacKinnon, Minister of Trade and Commerce, was present during the latter part of the meeting.

The Committee considered the Annual Report of the Canadian Wheat Board for the Crop Year 1945-1946.

Mr. George McIvor, Chief Commissioner of the Board, was called. The witness read the Report hereinabove mentioned and was thereafter questioned thereon.

At 1.05 o'clock p.m. the Committee adjourned to meet again at eleven o'clock a.m. to-morrow, Wednesday, July 2, 1947.

ANTOINE CHASSE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 1, 1947.

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. The Chairman, Mr. R. McCubbin, presided.

The CHAIRMAN: Gentlemen, we are now ready to proceed with our meeting of the standing committee on agriculture this morning. The committee is called, as you know, to consider a reference made to it by the House. I would ask the clerk of the committee to read that reference to you.

The CLERK:

Friday, June 20, 1947.

Ordered:—That the report of the Canadian Wheat Board for the crop year 1945-46, be referred to the said committee.

Attest.

(Sgd) ARTHUR BEAUCHESNE,
Clerk of the House.

Mr. Ross: Mr. Chairman, may I ask a question? When we were discussing the amendment to the Wheat Board Act last year the Minister of Trade and Commerce definitely said that we would be able to go through the report for the crop year 1944-45. You will recall that that is one of the reports that were never before this committee for discussion. I think the same applies to the 1943-44 crop year report. Are we going to have an opportunity of going into the reports for the crop years which have not yet been before the committee while we are considering this specific reference?

Mr. WRIGHT: Yes, Mr. Chairman, there are a couple of these reports which have never been before the committee and there is a lot of information some of us would like to ask about those other reports. While they were brought down in the House they were never referred to the committee.

The CHAIRMAN: What did the minister say in the House? I wasn't there that day. I think that you might ask him if those reports would be available for consideration in the committee. Is that right?

Mr. WRIGHT: Yes.

The CHAIRMAN: What answer did you get?

Mr. WRIGHT: His reply was that he was prepared to have all the reports that had not previously been before the committee submitted to the committee; that would be the 1944-45 report; the 1945-46 report, and I believe also the 1943-44 report.

The CHAIRMAN: Have they not got to be referred to us by the House before we can deal with them?

Mr. WRIGHT: They have already been tabled. They were tabled last year or the year before.

The CHAIRMAN: Yes, I know they were tabled. But were they referred to this committee?

Mr. WRIGHT: So far as I know they were never submitted to this committee.

The CHAIRMAN: I do not know what the difficulty is with the minister. He was very anxious to have the committee called to sit this morning but he has not yet appeared.

Mr. ROSS: Would there be any objection to our asking questions relating to the 1943-44, and the 1944-45 reports? We are very anxious to go into certain aspects of them.

The CHAIRMAN: Do you want to go into a discussion of those?

Mr. McIVOR: I might say that the 1943-44 crop was before the last committee. As to the 1944-45 and the 1945-46 reports, as far as the wheat board is concerned, we are quite prepared to proceed in any way the committee may wish.

Mr. LEGER: Mr. Chairman, I believe our report deals specifically with the report for 1945-46. I do not know that we can go beyond that unless we obtain the permission of the House.

The CHAIRMAN: I understand, from what Mr. Wright says that the minister said he was quite prepared to do that. If he is agreeable, we certainly have no objection from Mr. McIvor to questions being asked.

Now, before we call on Mr. McIvor as a witness, he has a short statement to make. I think we will have that now.

George H. McIvor, Chief Commissioner, The Canadian Wheat Board, called:

The WITNESS: Mr. Chairman, and gentlemen of the committee—

Mr. LEGER: I believe that on page 7 you will see there is a reference here to the 1943-44 and the 1944-45 crop years; that will give us an opportunity of discussing what is contained in the reports to which the other members have just referred.

The CHAIRMAN: We will do that, Mr. Leger. Now I would like to ask Mr. McIvor to make his statement, and then we will get on with his presentation.

The WITNESS: Mr. Chairman, and gentlemen; many of you will remember that Mr. Findlay has been a very important witness before this committee on several occasions. I regret very much to say that Mr. Findlay was taken to the hospital last night at five o'clock and he is very, very ill. The doctor has not yet had time to determine what the difficulty is but it may be a brain haemorrhage or perhaps a tumor of the brain. I talked to the doctor this morning and he said his condition was slightly improved overnight. The doctor remained in the hospital all night and gave Mr. Findlay intravenous treatments. This, of course, has upset us all a great deal. Mrs. Findlay has been sent for and will be here at noon to-day; she is flying down here from Winnipeg.

As you all know, Mr. Findlay has been associated with the wheat board, and previously with the stabilization operations under Mr. John Macfarland. In Mr. Macfarland's time he was treasurer; and he continued as treasurer under the operations of Mr. Macfarland's board. He came to our board in 1937-38 and he became comptroller of the board around the time of the outbreak of the war, in 1939. In the main he has been responsible for the records of the board, and I am sure you all appreciate the tremendous amount of work and the responsibility which he has as comptroller and the strain he has been under over these years. How much that may have contributed to his present condition I do not know. We have the auditors here, Mr. McVey and Mr. Earl, and they are going to undertake to carry on the work for Mr. Findlay. I might say that it has not been easy because they have had to go over all the reports, which they did during the night; but I am quite sure they will do the very best they can in the circumstances.

The CHAIRMAN: As far as I am concerned I think likely, if the committee is agreeable to it, there will be no difficulty about referring back—as Mr. McIvor has no objection—to these other reports which we have not formally before us but which I understand we can get. The minister has not arrived yet, but in view of the statements which have been made I do not anticipate any difficulty in being able to refer to them.

Mr. JUTRAS: Are we going to take up the 1945-46 report? Then, if necessary, we can refer back for particulars which are not available in that report to these other reports as we go along.

The CHAIRMAN: That is what Mr. Ross mentioned. As far as I am concerned, I have no objection whatever if the committee are agreeable to that.

Mr. DIEFENBAKER: I have a number of questions to ask, which I realize cannot be answered immediately, dealing in general with a matter of administration of the wheat board, which after all is the largest individual unit engaged in government work, or one might say the largest government department, or at least the largest spending department that we have. I have a series of questions which I would like to place before you, sir, so that they may be answered. The information may have to be secured from the auditors, or possibly Mr. McIvor will have it, and perhaps it could be made available for our next meeting. Would you object to my giving a list of questions indicating the information I require? That would save me the necessity of asking a lot of questions in the first place. If I just place the questions before you, sir, and through you to the wheat board, we might thereby save a lot of unnecessary questioning, which I am sure we all want to avoid at this stage of the session.

The CHAIRMAN: I have no objection to that, Mr. Diefenbaker. Go ahead and do that at any time.

Mr. DIEFENBAKER: My questions have to do with the general administration of the wheat board and the information I am asking for cannot be secured by an examination of the annual report.

First, the amount of salaries and wages paid during the two years in question to commissioners, officers and office staffs in toto; and the separate office field staffs and the overseas staffs.

Second, the total travelling and entertainment expenses during the two years which we are going to examine—I am not going to go beyond those—in regards to (a) commissioners, individually, (b) to members of the advisory board, individually and (c) to all other officers.

Third, the total number of officers and employees in each of the years 1945 and 1946 compared with the numbers in 1940.

Next, the expenses of operating the following offices of the wheat board to July 31st in each of the two years 1945 and 1946; Winnipeg, Vancouver, Fort William-Port Arthur, Calgary, Toronto, Montreal, Washington, D.C., and London, England.

Fifth, the total fees and legal expenses paid by the board in the two years in question and to whom.

Sixth, the total amount spent in advertising by the board in these two years in (a) newspapers and periodicals, (b) radio advertising and (c) other advertising.

Seventh, also the following particulars for the several offices I have mentioned—Vancouver, Winnipeg, Washington, London and so on—first salaries, then rentals; travelling and entertainment expenses; and advertising expenses—that is by offices. I think that is all.

The CHAIRMAN: Has anyone else anything to say?

Mr. ROSS: I have a question which I would like to place before you so that the board may prepare an answer to it. I do not know whether Mr. Diefenbaker asked this or not: the total of employees at present with the board. I had

a question on the order paper asking for a lot of information the other day and most of it was said to be not in the interest of the public to answer, but I think surely you will answer this; that is, the total number of employees—and that includes the executive officers, the advisory committees, and all employees of the wheat board at the present time. I would also like to have a breakdown as to the duties of different people on the board; that is a breakdown by departments showing who are employed in the department and what their duties are. I would like to have that if I can get it, but I would particularly like to have the total.

The CHAIRMAN: Now gentlemen, we have the commissioners here. If you have any questions, go ahead and ask them. I can imagine that there will be some questions they will not be able to answer, but I think they can answer most of them.

Mr. HATFIELD: I would like to know why their statement shows that they have on deposit \$35,000,000 and an overdraft of \$14,000,000. Why should they have money on deposit and at the same time millions of an overdraft?

The CHAIRMAN: Mr. McIvor has just advised me that it has been the custom to read the report. If that arrangement is satisfactory to the committee I will ask him to go ahead and read his report before we have any questions asked in relation to it. Is there any objection to that?

Mr. WRIGHT: None, except that we want to know which report is being considered, whether it is the 1944-45 or the 1945-46.

The CHAIRMAN: He can only deal at the moment with the 1945-46 year.

Mr. WRIGHT: And then we will have an opportunity of referring back to the 1944-45 year?

The CHAIRMAN: That is right.

The WITNESS:

REPORT OF THE CANADIAN WHEAT BOARD

CROP YEAR 1945-1946

To: The Honourable JAMES A. MACKINNON,
Minister of Trade and Commerce,
Ottawa, Canada.

The major task of all wheat exporting countries in 1945-46 was to provide maximum quantities of wheat and flour to assist importing countries through the first full crop year following the end of the war. In that effort Canada played a leading part and for the third successive year provided wheat exports (including flour) in excess of 340 million bushels. Into the effort of 1945-46 went the last of Canada's wartime reserves of wheat and in the latter part of the crop year exports were determined by the volume of wheat which producers made available at country elevators.

The exceedingly urgent demand for breadstuffs during the crop year was, in part, a legacy of six years of war and, in part, due to the small wheat acreage seeded in Europe in 1945 and a virtual crop disaster which struck the Danubian area, Greece, Italy and North Africa. Thus, import demands were expressed not only in terms of the normal requirements of importing countries and of special demands following the war, but also in terms of the effects of a devastating drought in southern Europe and North Africa.

Wheat production in Europe in 1945 was about 600 million bushels below the pre-war average and this was sufficient in itself to create an acute demand for breadstuffs in Europe. To the effects of reduced production must be added the accumulated food problem following six years of war, and the urgent

demands uncovered by the final liberation of Europe and the defeat of Japan. The requirements of India and liberated areas in the Far East were large and urgent.

The full impact of this food position confronted the cereals committee of the Combined Food Board early in the crop year. It was evident that Canada and the United States would have to fill the major part of world import requirements. The severity of the crisis and the threat of mass starvation on a large scale called for a major, co-ordinated effort on the part of Canada and the United States. The effectiveness of this effort is indicated by the fact that in the year ending June 30th, 1946, Canada and the United States together exported about 750 million bushels of wheat (including flour) which constituted the largest wheat exports in any twelve-month period in the history of the North American continent. In addition to these supplies of wheat, both countries supplied quantities of other grains for human consumption.

Canada commenced the new crop year with a favourable position for a large export movement of wheat during the first half of the crop year, due to the carryover of 258 million bushels of wheat on July 31st, 1945. Within this carryover were substantial quantities of wheat in export positions and a "bank" of wheat amounting to over 62 million bushels in country elevators. These stocks were supplemented, of course, by deliveries from the 1945 wheat crop.

Under the circumstances it was logical that Canada should export as much wheat as possible during the first half of the crop year and before the European winter set in. The United States and southern hemisphere countries were in a better position to assume a larger responsibility in the last half of the crop year.

The following table shows exports of Canadian wheat (including flour), by months, for the crop year 1945-46:

August, 1945	41.4
September	32.1
October	43.6
November	36.3
December	26.1
January, 1946	27.1
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Total — August-January	206.6
February	25.1
March	28.1
April	23.4
May	23.1
June	21.7
July	12.7
<hr/>	
Total — February-July	133.5
Total — August to July	340.1

It will be noted from the foregoing table that in the August-January period Canadian exports of wheat (including flour) amounted to 206.6 million bushels as compared with 133.5 million bushels in the February-July period; 61 per cent of total exports of wheat (including flour) were made in the first half of the crop year and 39 per cent in the last half of the crop year.

DISTRIBUTION OF WHEAT EXPORTS—1945-46

The part which Canada played in supplying wheat under the circumstances which existed in 1945-46 is illustrated in the following table showing exports of wheat (not including flour) during the August-January period and the February-July period, and total exports for the crop year, by countries of destination.

EXPORTS OF CANADIAN WHEAT BY COUNTRIES OF FINAL DESTINATION
CROP YEAR 1945-46

	August to January	February to July	Total
	Bushels	Bushels	Bushels
United Kingdom.....	64,274,105	59,361,401	123,635,506
Eire.....	3,465,138	681,144	4,146,282
Malta.....	1,227,868	882,508	2,110,376
Egypt.....	1,783,291	2,221,914	4,005,205
British South Africa.....	1,073,070	4,080,000	5,153,070
India.....	17,210,810	3,992,774	21,194,584
Iraq-Iran.....	346,028	500,255	846,283
Palestine.....	186,667	541,310	727,977
New Zealand.....	3,186,232	—	3,186,232
Belgium.....	8,415,006	2,711,032	11,126,038
*Czechoslovakia.....	623,087	943,340	1,566,427
France.....	5,111,878	3,615,833	8,727,711
French Colonies.....	18,895,914	4,518,737	23,414,651
Germany.....	179,973	1,572,899	1,752,872
*Greece.....	5,121,411	590,075	5,711,486
Netherlands.....	14,856,762	170,100	15,026,862
*Italy.....	905,308	2,747,128	3,652,436
Norway.....	2,233,358	1,078,134	3,311,492
*Poland.....	—	1,300,491	1,300,491
Portugal.....	3,339,086	306,409	3,645,495
Switzerland.....	5,479,068	540,235	6,019,303
*Yugoslavia.....	1,561,570	1,447,581	3,009,151
*China.....	1,187,318	942,594	2,129,912
U.S.S.R. (Pacific Area).....	5,613,886	416,941	6,030,827
Colombia.....	896,707	504,152	1,400,859
United States (Consumption and milling in bond).....	9,230,520	3,102,367	12,332,887
Other Countries.....	2,215,784	687,424	2,903,208
TOTAL.....	178,610,845	99,456,868	278,067,713

* Supplied Through UNRRA.

The above table shows:

(a) The heavy concentration of Canadian wheat exports in the first half of the crop year 1945-1946;

(b) The wide distribution of Canadian wheat exports among wheat importing countries during the crop year;

(c) The relatively heavy concentration of wheat exports during the February-July period to the United Kingdom as a result of the priority granted that country.

It is interesting to note that during the August-January period 36 per cent of Canadian wheat exports went to the United Kingdom, while during the February-July period, 61 per cent of the smaller Canadian wheat exports were directed to the United Kingdom. For the crop year as a whole, the United Kingdom took 45 per cent of wheat exports from Canada and 55 per cent went to other countries.

Shipments of wheat for Yugoslavia, Czechoslovakia, Poland, Greece, Italy and China were made available to UNRRA. During the crop year the requirements of France and French Colonies were very large, and the distribution of Canadian wheat exports as between France and her colonies was left to the decision of French authorities. Wheat supplies for Eire, Egypt, Palestine, Iraq, Iran and British South Africa were largely determined in consultation with the United Kingdom authorities.

Mr. SENN: Mr. Chairman, does Mr. McIvor prefer having questions asked as he proceeds, or would he like us to wait until he has finished his presentation?

The WITNESS: Whatever the committee wish, sir.

The CHAIRMAN: The last time the report was dealt with, I was just reading it, Mr. McIvor read the report in full and then the committee went back over

it and proceeded page by page to ask questions. Is that procedure agreeable to the committee for this year?

Carried.

The WITNESS: All the foregoing exports were programmed through the cereals committee of the then existing Combined Food Board and were related to export programs undertaken by other countries, principally the United States and Australia. In addition to wheat exports, Canada exported 62.0 million bushels of wheat in the form of flour, of which about 28 million bushels went to the United Kingdom and the balance was distributed among a wide range of importing countries. A very substantial volume of Canadian flour was purchased by UNRRA for distribution to countries in receipt of UNRRA assistance.

Effect on Year-End Stocks

The implementation of the foregoing export program in 1945-1946, plus meeting the full requirements of Canadian mills for the production of domestic and export flour, reduced reserve stocks of wheat in Canada to the lowest point since 1937. The carryover on July 31, 1946 was 69.9 million bushels, of which 27.2 million bushels were on farms. Commercial stocks as at July 31, 1946 amounted to 42.7 million bushels. Stocks of wheat in export positions were practically exhausted by the end of the crop year, and a substantial part of remaining commercial stocks was required to meet the requirements of Canadian mills until new crop wheat became available in September. This exhaustion of wheat stocks in all positions in Canada as at July 31, 1946, and especially in wheat stocks in export positions, had an important effect upon the Canadian export position during the first four months of the ensuing crop year.

The year-end position on July 31, 1946, along with the corresponding position on July 31, 1945 is shown in the following table:

	July 31, 1946	July 31, 1945
	Bushels	
On farms.....	27,203,000	28,650,000
Country and private terminal elevators.....	11,200,198	61,625,591
Western mills and mill elevators.....	3,974,865	6,154,868
Interior terminal elevators.....	44,159	10,088,988
Vancouver — New Westminster.....	1,628,845	13,989,221
Victoria and Prince Rupert.....	—	1,673,157
Churchill.....	1,877,737	1,877,737
Fort William — Port Arthur.....	3,035,317	51,343,939
In transit — lakes.....	1,672,784	5,197,322
In transit — rail.....	6,437,303	24,371,296
Eastern elevators.....	9,853,173	30,032,841
Eastern mills.....	2,796,800	3,216,769
Total in Canada.....	69,724,181	238,201,729
Canadian grain in United States.....	134,000	20,192,789
Total Canadian grain in Canada and United States.....	69,858,181	258,394,518

Meeting the World Food Situation

The co-ordinated distribution of exports of wheat from the chief supplying countries went a long way in meeting the most urgent import requirements. During the crop year there was a deficit in world wheat supplies which could not under any circumstances be overcome. The problem was to make the available supplies in all wheat exporting countries go as far as possible in meeting urgent requirements in both Europe and Asia. An element of flexibility was maintained in the movement of supplies from exporting countries and in this way recurring crises were minimized. There is no doubt that a potential disaster of great magnitude was overcome by exporting countries making available every bushel of wheat and substitute grains which could be made available, and by the

co-ordination of exports, particularly on the part of Canada, the United States and Australia. The problem, one of potential hunger and starvation, was reduced to a problem of meagre rations in many countries and malnutrition on a wide scale which was partly relieved with the harvesting of improved grain crops throughout Europe in late June, July and August, 1946. It can be said that Canada, the United States and Australia over-exported wheat during the critical crop year under review. Residual problems were left in all three countries. These problems, however, must be evaluated in terms of the impression which was made upon a severe and far-reaching food crisis.

End of a Cycle

The carryover of wheat having receded to less than pre-war quantities on July 31, 1946, it is useful to describe some of the major points in Canadian wheat policy and the major objectives of board administration during the eight crop years from 1938-39 to 1945-46. In many respects the report of the board for 1945-46 represents the completion of a full cycle in the marketing of Canadian wheat—a cycle which began in 1938-39. The eight crop years from 1938-39 to 1945-46 were eventful; they included the years of the war and the administration of wartime policy in respect to grains. They included years of abundant wheat supplies in Canada; and finally, years when Canadian wheat was one of the main factors in the strategy of the war and one of the most important factors which carried Europe and Asia through the critical year following the end of hostilities. Statistically, these phases are shown below:

Crop Years	Annual Supplies			Annual Disposition		
	Initial Stocks	Annual Production	Total Supplies	Domestic Requirements	Exports	Year-End Stocks
	(million bushels)					
Av. 1929-30 to 1938-39.....	135	309	444	110	199	135
(10 PRE-WAR-YEARS):						
1938-39.....	25	360	385	122	160	103
1939-40.....	103	521	624	131	193	300
1940-41.....	300	540	840	129	231	480
1941-42.....	480	315	795	145	226	424
1942-43.....	424	557	981	171	215	595
1943-44.....	595	284	879	179	344	356
1944-45.....	356	417	773	172	343	258
1945-46.....	258	306	564	154	340	70

In these eight crop years the wheat situation in Canada went through two clearly defined phases. The first phase commenced in 1938-1939 and continued to the end of 1942-1943; the second phase commenced in 1943-1944 and continued until the end of 1945-1946. While both phases included many of the same basic policies, there was a great difference in the objectives pursued by the board during these two periods of time.

1938-1939 to 1942-1943

In 1938-1939 wheat production in Canada recovered after the disaster of 1937. The 1938 crop was still below average in size but more wheat was marketed by producers than could be used in Canada or sold abroad under the conditions which then existed. On July 31, 1939, the Canadian carryover of wheat again exceeded 100 million bushels. This was the position at the outbreak of war in 1939. In 1939 a very large wheat crop of 521 million bushels was harvested in Canada and with export markets restricted at that stage of the war, reserve stocks of wheat in Canada increased to 300 million bushels by July 31, 1940. Commencing in 1940-41, the main lines of wartime grain policy in Canada were being established as it became apparent that Canada

would in all likelihood have to carry a large supply of wheat during the early part of a long war.

In 1940 provision was made for the quota system of deliveries whereby available storage space could be equitably distributed among all producers. In 1940 and 1941 substantial temporary additions were made to storage capacity at country points, at the lakehead and to a lesser extent in eastern Canada. Early in 1941 it became apparent that existing provisions were inadequate for the administration of wheat policy in Canada as long as the war remained defensive in character and the outlet for wheat was largely confined to the United Kingdom. In 1941-1942 a new departure was made in Canadian wheat policy with the introduction of power to limit the volume of wheat marketed by producers in any one crop year. This limitation was based upon the establishment of an "authorized acreage" for delivery purposes for each farm unit in western Canada.

The physical problem of handling wheat reached its peak during 1942-1943, when total supplies of wheat amounted to 981 million bushels and the carryover amounted to 595 million bushels, including 190 million bushels held on farms. At this point, after allowing for working space, practically all storage capacity—temporary and permanent—was completely filled and a substantial quantity of Canadian wheat was in store in the United States. Up to the end of 1942-1943 administrative problems confronting the board were primarily concerned with storage of unprecedented quantities of wheat in Canada and the regulating of the delivery of grain from producers in accordance with available storage space. This was the main characteristic of the period under review.

There were other important features in the early war years; in the face of a temporary abundance of wheat, efforts were made by the dominion government to reduce wheat acreage and increase the acreage seeded to feed grains and flaxseed in order to meet urgent wartime demands for livestock and livestock products and vegetable oils. During this period there was a considerable change in the distribution of acreages in western Canada as between the various grain crops, and the marketing and handling of feed grains increased in volume and in importance. To encourage the production of oats and barley, minimum prices for these grains were established effective August 1, 1942.

In the fall of 1941, as part of an over-all program of price control, a domestic price was established for wheat milled and processed for consumption in Canada. Maximum prices were established for other grains. Early in 1943, oats and barley equalization funds were established to provide a means by which higher prices existing in export markets might be reflected to producers marketing these grains to the extent that exports were made.

The board's fixed initial price was reduced from 80 cents per bushel to 70 cents per bushel, effective August 1, 1939, and continued at this level until August 1, 1942, when it was increased to 90 cents per bushel, basis Number One Northern wheat in store Fort William-Port Arthur or Vancouver.

In this period the transportation problem consisted of moving wheat to terminal and export positions to relieve congestion in country elevators in order to increase delivery opportunity for western producers. These were the main developments up to July 31, 1943, a period when vast supplies of wheat were accumulated in Canada against future demands.

1943-1944 to 1945-1946

During the three crop years from 1943-1944 to 1945-1946, the objective of board operations was to move wheat to seaboard as rapidly as possible to meet urgent demand. In 1943-1944 the board felt the first impact of enlarged demands which was to continue steadily until wartime reserves of wheat and current production were to go into consumption in a period of three years. The first large and unexpected demand arose in the United States, and in 1943-1944 over 150 million bushels of wheat and a large volume of oats and barley were shipped

to the United States for feed purposes. In 1943-1944 exports of wheat reached a level of 44 million bushels as compared with an average of slightly over 200 million bushels during the first four years of the war. In 1944-1945 developments in the prosecution of the war resulted in the opening of the Mediterranean area and large quantities of Canadian wheat went to this theatre of war; with the invasion of France came the rapid liberation of Western Europe and again large quantities of Canadian wheat were called for. The end of the war in Europe revealed depleted reserves of foodstuffs. In an effort to do as much as possible for millions of people in Europe and in Asia who were in dire need, Canada made available the last of her wartime reserves of wheat and marketings from the 1945 crop. These were the broad factors involved which resulted in the Canadian carryover at July 31, 1946, being reduced to 70 million bushels and commercial stocks being reduced to 42 million bushels.

Within the framework of these events there were a number of important changes in policy. In September, 1943, the status of The Canadian Wheat Board was changed from that of a voluntary board to that of a monopoly, and the board's fixed initial price was increased to \$1.25 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver. At the same time, the dominion government, through The Canadian Wheat Board, took over all unsold wheat stocks in Canada. These stocks became known as "Crown" wheat and were used for mutual aid purposes and for domestic use. Subsequently further supplies of wheat were purchased by the dominion government for Crown account. Late in 1945-46 the dominion government announced that, effective August 1, 1946, and retroactive to August 1, 1945, the board's fixed initial price would be \$1.35 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver; this price guarantee extending to July 31, 1950. This decision in respect to the board's fixed initial price paralleled the announcement of the signing of a wheat contract between Canada and the United Kingdom.

Effective from August 1, 1943, the dominion government undertook guarantees in respect to the oats and barley equalization funds which were reflected in advance equalization payments to producers at the time of delivery.

In September, 1945, the dominion government placed a temporary limit on export prices for Canadian wheat. This limit (\$1.55 per bushel for Number One Northern in store Fort William/Port Arthur or Vancouver) remained in effect until July 31, 1946. This level was continued in the United Kingdom contract until July 31, 1948 and effective August 1, 1946, export prices to all other countries were allowed to rise to world levels in accordance with government policy as announced by Hon. J. A. MacKinnon, Minister of Trade and Commerce on July 30, 1946.

During the period under review, payments to producers from 1940, 1941, 1942 and 1943 crop accounts were announced, and an additional payment of 10 cents per bushel was provided on 1945-46 deliveries from the 1945 crop account. These payments reflected the upward trend in export prices which commenced in the summer of 1943.

During the latter part of the war and the year following the war, the grain transportation problem was one of moving maximum quantities of grain to seaboard to meet urgent demand.

These were the more important objectives and the more important policies involved in board administration of the wheat situation in Canada for the years 1938-39 to 1945-46. While immense quantities of wheat were involved in these operations, the period ended with wheat stocks in Canada at minimum levels. The board regarded it as important that post-war wheat policy should not have to take into account carryovers of wheat from the wartime period.

SPECIAL MEASURES IN REGARD TO WHEAT, 1945-46

(a) The British Priority

Early in 1945-46 the demand situation was such that Canada could dispose of wheat in a volume which would later in the crop year reduce the quantities available to the United Kingdom below her minimum requirements. Since Canada had provided practically all imported wheat for the United Kingdom since the outbreak of war in 1939, it was evident that some special arrangements would have to be made if Canada were to continue this position in 1945-46. As a result, cables and letters were exchanged between the board and the United Kingdom authorities relative to the United Kingdom's wheat requirements for 1945-46 and Canada's ability to meet these requirements in the face of exceptional demand from other countries. The Imported Cereals Division of the Ministry of Food made available to the board all relevant facts in regard to the United Kingdom's wheat position for 1945-46, including monthly requirements and bulk stocks required to permit continuous operation of United Kingdom mills. As a result of this exchange of information and views, the board in November, 1945, agreed to supply the United Kingdom with her minimum home requirements for the period from December 1, 1945 to April 30, 1946. This commitment was in addition to the supplies of wheat made available to the United Kingdom during the August-November period, which not only met United Kingdom requirements during these months, but resulted in a satisfactory stock position in the United Kingdom as at December 1, 1945. This decision on the part of the board was concurred in by the dominion government and became an important feature of Canadian wheat policy during the critical winter of 1945-46.

The arrangement in respect to the United Kingdom was in terms of her minimum home requirements. In these negotiations, the United Kingdom did not suggest more than assurance in regard to her minimum home requirements in view of the food situation confronting other countries.

*(b) Limitation of Export Price of Wheat
Price Guaranteed to Producers*

On September 19, 1945, the dominion government announced that for the time being Canadian wheat was to be offered for export at a price not exceeding \$1.55 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver.

At the same time the dominion government announced that "as a further means of stabilizing wheat prices during the post-war period, it is the intention that steps shall be taken to ensure that producers will not at any time up to July 31, 1950, receive less than \$1.00 per bushel for Number One Manitoba Northern wheat, basis in store Fort William/Port Arthur or Vancouver, on the authorized deliveries for each crop year".

The reasons for these two decisions on the part of the dominion government and the specific instructions to The Canadian Wheat Board in respect to export prices for Canadian wheat are set forth in order in council P.C. 6122, September 19, 1945.

(c) Cessation of Mutual Aid

At midnight September 1, 1945, sales of wheat under Mutual Aid ceased in Canada. Mutual Aid funds first became available in 1943 and large quantities of wheat and flour went abroad as a direct charge against these funds. After September 1, 1945, the sale of Canadian wheat and flour became subject to cash settlement or a charge against credit arrangements negotiated by various importing countries with the Canadian Government. Pursuant to this decision, the Board's Crown Wheat Account was closed out as at the close of business on September 1, 1945.

(d) *United Kingdom Wheat Contract*

On July 25, 1946, the Honourable J. A. MacKinnon, Minister of Trade and Commerce, made the following statement in the House of Commons:

Agreement has been reached between the Government of the United Kingdom and the Government of Canada for the purchase by the former of Canadian wheat over the four years beginning 1st August, 1946.

The Agreement provides that the United Kingdom will purchase and the Canadian Government will supply the following quantities each year: 1946-47—160 million bushels, 1947-48—160 million million bushels, 1948-49—140 million bushels, 1949-50—140 million bushels. The contract provides that in the event of the United Kingdom requiring from Canada any additional quantities which the Canadian Government offers and the United Kingdom Government accepts shall in all respects be subject to the provisions of the Agreement. Part of the quantity of wheat specified in the contract will be supplied in the form of flour to the following amounts:—1946-47—500,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1947-48—400,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1948-49—a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1947; 1949-50—a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1948. The price which the United Kingdom Government undertake to pay for the wheat supplied is as follows: basis Number One Manitoba Northern, in store Fort William/Port Arthur, Vancouver or Churchill: 1946-47—a fixed price of 1.55 dollars per bushel; 1947-48—a fixed price of 1.55 dollars per bushel; 1948-49—a minimum price of 1.25 dollars per bushel, the actual price to be negotiated by 31st December, 1947; 1949-50—a minimum price of 1 dollar per bushel, the actual price to be negotiated by 31st December, 1948. The contract provides that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements later concluded to which both Governments are parties. Nothing in the Agreement will affect decisions which may be taken on the basis of recommendations of the I.E.F.C. The contract is based upon commercial considerations of mutual interest. It ensures to the United Kingdom substantial quantities of wheat during the expected period of shortage at prices below those which would be payable were there to be a free market at the present time. This is the commercial advantage which the United Kingdom secures. In the later period of the contract Canada receives the advantages of a guaranteed market, though for a diminished quantity, and of the assurance of at least the stated minimum prices. In determining the actual price in the last two years regard will be had to the extent to which the agreed price for the first two years falls below the world price for that period. Our farmers, are therefore protected from crippling losses should there be a word slump in wheat prices. This is the commercial advantage which Canada secures.

(e) *Special Income Tax Arrangement*

In March, 1946 the Dominion Government announced an Income Tax Arrangement on wheat marketed between April 1, 1946 and June 30, 1946. The arrangement as set forth in Order in Council P.C. 1243, April 1, 1946, includes the following provisions.

- (1) Producers delivering wheat between April 1, 1946 and June 30, 1946 could market wheat in the usual manner or take advantage of the Special Income Tax Arrangement. In other words, it was an optional plan.

- (2) Producers taking advantage of the Special Income Tax Arrangement could do so only on wheat marketed between April 1, 1946 and June 30, 1946.
 - (3) Producers choosing to take advantage of the Special Income Tax Arrangement and delivering and selling wheat between April 1, 1946 and June 30, 1946 received:
 - (a) A 1945-46 Participation Certificate entitling them to share in any further distribution from the 1945-46 Board Account;
 - (b) An Emergency Wheat Receipt equivalent to the present fixed, initial price of \$1.25 per bushel basis in store Fort William/Port Arthur or Vancouver, less freight and handling costs.
 - (4) The Emergency Wheat Receipt was actually the equivalent of a sale but the cash settlement was deferred. Upon acceptance of the Emergency Wheat Receipt, the producer elected to take payment at any time up to and including December 31, 1948. The date of accepting payment determined the year in which the payment was applied for income tax purposes.
 - (5) In the case of deliveries made on or after April 1, 1946 and up to close of business on June 30, 1946, a producer could elect to take either the total settlement in cash or partly in cash, and the balance under the Emergency Wheat Receipt plan.
 - (6) If at any time prior to December 31, 1948, a producer desires to take settlement for part of the Emergency Wheat Receipts which he holds, The Canadian Wheat Board will, upon request and surrender of the Emergency Wheat Receipts, make payment for the desired amount and issue a new Emergency Wheat Receipt for the balance.
- (f) *Special Conservation and Export Program.*

On March 18, 1946, Rt. Hon. W. L. Mackenzie King announced a special program designed, in part, to reduce the consumption of breadstuffs in Canada and to facilitate the export of wheat and wheat flour to meet an "urgent and desperate" food situation abroad. Of particular importance to the wheat situation in Canada was the announcement of the intention of the Dominion Government to:

- (a) Reduce wheat available for domestic milling by 10 per cent as compared with the corresponding months of 1945;
- (b) Reduce the use of wheat for distilling by 50 per cent as compared with the year previous;
- (c) To encourage reduction in inventories of wheat and wheat products;
- (d) To grant priorities for rail transportation of wheat for export; and
- (e) Provide for the release of increased quantities of oats and Number 4 Northern wheat for export.

The Special Income Tax Arrangement outlined above was part of the program announced by the Prime Minister.

1945-46 GRAIN PROGRAM

During the crop year 1945-46 The Canadian Wheat Board administered a grain and oilseed program which closely paralleled the program in effect in the previous crop year. The main features of the 1945-46 program were as follows:

1. *Wheat*

In accordance with Order in Council P.C. 2550, April 12, 1945, the Board continued to handle all wheat marketed by producers in the Western Division.

The Board's fixed initial price for 1945-46 was \$1.25 per bushel basis Number One Northern wheat in store Fort William-Port Arthur or Vancouver. Under the terms of Order in Council P.C. 3222, July 30, 1946, and additional payment of 10 cents per bushel was authorized on 1945-46 wheat deliveries to the Board.

2. *Wheat—Limitation of Marketings*

Pursuant to Order in Council P.C. 2550, April 12, 1945, the Board was empowered to restrict marketings of wheat in the Western Division to 14 bushels per authorized acre. As the 1945 wheat crop was small and the demand continued on a high level, it was possible for the Dominion Government to authorize the Board to take all wheat offered by producers during the crop year.

3. *Ontario Winter Wheat*

As in 1944-45, The Canadian Wheat Board was exempted from carrying out its obligations under Section 14 of the Canadian Wheat Board Act (Order in Council P.C. 4645, July 5, 1945). Under the same Order in Council the Board was charged with the responsibility of maintaining a floor price of \$2.15 per bushel for top grades of Ontario Winter Wheat basis in store Montreal. The Ontario Wheat Equalization Fund was continued in 1945-46 in accordance with Order in Council P.C. 4646, July 5, 1945.

4. *Barley—Minimum and Maximum Prices*

Under Order in Council P.C. 2550, April 12, 1945, the Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William-Port Arthur; No. 1 Canada Western 2-Row or 6-Row Barley, or No. 2 Canada Western 2-Row or 6-Row—60c per bushel; No. 3 Canada Western—58c per bushel; or No. 1 Feed—56c per bushel.

The maximum price of barley was 64½c per bushel basis in store Fort William-Port Arthur or Vancouver.

5. *Oats—Minimum and Maximum Prices*

Under Order in Council P.C. 2550, April 12, 1945, the Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William-Port Arthur: No. 2 Canada Western Oats—45c per bushel; Extra No. 3 Canada Western, No. 3 Canada Western or Extra No. 1 Feed—42c per bushel; or No. 1 Feed—40c per bushel.

The maximum price of oats was 51½c per bushel basis in store Fort William-Port Arthur or Vancouver.

6. *Flaxseed—Fixed Prices*

For the crop year 1945-46 The Canadian Wheat Board was designated the sole agency to receive commercial flaxseed from producers in Canada. Under Order in Council P.C. 2550, April 12, 1945, the Canadian Wheat Board was empowered to buy flaxseed at \$2.75 per bushel basis No. 1 Canada Western Flaxseed in store Fort William-Port Arthur or Vancouver, and the grade No 1 Canada Eastern Flaxseed in store Montreal. Under the same Order the Board was required to sell flaxseed on the domestic market at \$1.64 per bushel basis No. 1 Canada Western Flaxseed in store Fort William-Port Arthur and No. 1 Canada Eastern Flaxseed in store Montreal. The Board was required to fill domestic requirements before offering flaxseed for export.

7. *Sunflower Seed and Rapeseed—Guaranteed Prices*

Under Order in Council P.C. 859, February 9, 1945, the Board was empowered to buy sunflower seed and rapeseed from producers on the basis of 5c

per pound and 6c per pound respectively, for top grades f.o.b. shipping points designated by the Board. The Board's power to purchase rapeseed at the established prices was limited to the Western Division. The Order in Council provided that sunflower seed and rapeseed so purchased should be in reasonably clean condition and with a moisture content not exceeding limits to be established by the Board.

8. Drawback on Wheat Products

Under Order in Council P.C. 5768, August 28, 1945, The Canadian Wheat Board was charged with the administration of drawbacks paid in respect to flour and other human foods containing wheat, sold and delivered in Canada between August 1, 1945, and July 31, 1946.

9. Price Ceilings on Whole Grains

The Board continued to act as Western Administrator of ceiling prices on whole grains on behalf of the Wartime Prices and Trade Board.

10. Equalization Funds

Under provisions of Order in Council P.C. 2550, April 12, 1945, the Board continued to administer the Barley Equalization Fund and the Oats Equalization Fund.

Under Order in Council P.C. 2550, April 12, 1945, the Dominion Government guaranteed the Equalization Funds to the extent of 10 cents per bushel on oats and 15 cents per bushel on barley. On September 25, 1945, Order in Council P.C. 6238 was passed amending Western Grain Regulations to provide for an increase in the advance equalization payment on barley to 20 cents per bushel, and prohibiting maltsters from paying a premium on the purchase of barley for malting purposes. This action was taken on account of the shortage of feed grains in Canada and the necessity of prohibiting exports of barley of all types during the crop year 1945-46. The 20 cent Advance Equalization Payment to producers applied on barley marketings from August 1, 1945, to July 31, 1946.

DEVELOPMENT OF THE 1945 CROP

(a) Acreages

Wheat acreage in 1945 showed only a slight increase over the area sown in 1944. Wheat acreage in Canada amounted to 23,414,100 acres as compared with 23,284,200 acres in 1944. In the Prairie Provinces 22,566,000 acres were seeded to wheat as compared with 22,443,800 acres in 1944. Small decreases were shown in the area sown to rye and flaxseed.

(b) Growing Conditions

A cold, late spring delayed seeding. A very high percentage of the western grain crop was seeded after May 15th. Cool, dry weather continued for the greater part of the month of June. During the last week in June the first high temperatures of the growing season were reported and large areas in western Saskatchewan and central and northern Alberta urgently required rain. Deterioration had been severe in many of the drier areas and central and northern Alberta had experienced one of the driest seasons on record. General rains were received early in July but subsequent moisture supplies were not sufficient to change the general pattern of the crop. By the end of July crop conditions remained favourable in Manitoba and the more easterly areas in Saskatchewan, as well as in the foothills area and the Peace River area of Alberta. Crop deterioration was severe throughout the greater part of western Saskatchewan, and southeastern, central and northern Alberta. The Canadian wheat crop was estimated at 306 million bushels as compared with 417 million bushels in 1944, and the Prairie wheat crop was estimated at 282 million bushels as compared with 392 million bushels in 1944.

The following table shows grain production in Canada and the Prairie Provinces in 1942, 1943, 1944 and 1945:

	All Canada				Prairie Provinces			
	1942	1943	1944	1945	1942	1943	1944	1945
	(million bushels)				(million bushels)			
Wheat.....	557	284	417	306	529	268	392	282
Oats.....	652	482	500	382	500	392	371	273
Barley.....	259	216	195	158	241	204	178	144
Rye.....	25	7	9	6	23	6	7	4
Flax.....	15	18	10	8	15	18	9	7
TOTAL.....	1,508	1,007	1,131	860	1,308	888	957	710

Total grain and flaxseed production in Canada decreased by about 270 million bushels as compared with 1944. Prairie production of all grains and flaxseed declined by over 240 million bushels as compared with 1944.

(c) Total Supplies

Total supplies of each of the major grain and oilseed crops showed substantial decrease as compared with 1944-45 due, in part, to smaller inward carryovers and, in part, to smaller production in 1945 as compared with 1944. Total supplies of wheat were 209 million bushels lower than in 1944-45. The following table shows total supplies of grain in Canada:

	Wheat		Oats		Barley		Rye		Flaxseed	
	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6
	(million bushels)									
Carryover July 31st.	356	258	109	98	46	29	6	2	4	3
Production.....	417	306	500	382	195	158	9	6	10	8
TOTAL.....	773	564	609	480	241	187	15	8	14	11

BOARD RECEIPTS, PRICES AND EXPORTS WHEAT

(a) Board Receipts—Western Division

In accordance with Order in Council P.C. 2550, April 12, 1945, all deliveries in 1945-1946 in the Western Division were made to the Board. The following table shows receipts from producers at country and terminal elevators, by months, for the crop year 1945-1946:

	(Bushels)
August, 1945.....	3,589,863-50
September.....	39,748,569-45
October.....	65,332,903-05
November.....	37,170,458-20
December.....	10,599,689-15
January, 1946.....	25,107,176-45
February.....	5,163,978-30
March.....	6,536,636-40
April.....	8,674,632-55
May.....	10,077,977-25
June.....	9,553,202-10
July.....	13,883,317-10
Total.....	235,438,405-50

Deliveries of wheat in 1945-1946 reflected the small wheat crop harvested in that year.

(b) *Prices—Western Division*

Under Order in Council P.C. 2550, April 12, 1945, and effective until July 31, 1946, the Board was required to pay producers a fixed initial price of \$1.25 per bushel basis No. 1 Northern in store Fort William-Port Arthur or Vancouver. Order in Council P.C. 5476, August 7, 1945, established Board prices for other grades of wheat. Under Order in Council P.C. 3222, July 30, 1946, an additional payment of 10c per bushel was authorized to producers delivering wheat to the Board in the crop year 1945-1946.

(c) *Prices—Eastern Division*

Under Order in Council P.C. 4645, July 5, 1945, the Board was charged with the responsibility of guaranteeing a minimum price of \$1.25 per bushel for No. 1 Canada Eastern Wheat basis in store Montreal.

As prices for Canada Eastern Winter Wheat remained at ceiling levels throughout 1945-1946, it was not necessary for the Board to take delivery of wheat pursuant to maintaining the floor prices.

(d) *Exports*

Overseas clearances and other exports of Canadian wheat in 1945-1946 amounted to 278 million bushels as compared with 280 million bushels in 1944-1945. Flour exports continued on a very high level and amounted to the equivalent of 62 million bushels of wheat as compared with the equivalent of 63 million bushels in 1944-1945. Total exports of wheat and flour for the crop year 1945-1946 amounted to 340 million bushels as compared with 343 million bushels in 1944-1945.

OATS

(a) *Minimum Prices*

Order in Council P.C. 2550, April 12, 1945, required the Board to maintain minimum prices for oats through purchases of either futures or cash oats. During the crop year 1945-1946 it was not necessary for the Board to purchase oats pursuant to maintaining minimum prices.

(b) *Exports*

During the crop year 1945-1946, 43.9 million bushels of oats (including rolled oats and oatmeal) were exported as compared with 84.9 million bushels in 1944-1945. Oats exports in 1945-1946 went to a wide range of countries, and to a large extent were used for human consumption. Exports to the United States were much smaller than in the two preceding crop years.

(c) *Oats Shipments—Freight Assistance Policy*

During 1945-1946 shipments of oats to Eastern Canada and British Columbia under the Freight Assistance Policy amounted to 52.2 million bushels as compared with 42.7 million bushels in the previous crop year.

BARLEY

(a) *Minimum Prices*

Order in Council P.C. 2550, April 12, 1945, required the Board to maintain minimum prices for barley through purchases of either futures or cash barley. During the crop year 1945-1946 it was not necessary for the Board to purchase barley pursuant to maintaining minimum prices.

(b) Exports

During the crop year 4.4 million bushels of barley were exported as compared with 39.4 million bushels in the previous crop year; the principal market was in the United States. Exports of barley were restricted in 1945-1946 because of the domestic feed situation.

(c) Barley Shipments—Freight Assistance Policy

During the crop year 35.5 million bushels of barley were moved to Eastern Canada or British Columbia under the Freight Assistance Policy as compared with 30.6 million bushels in the preceding crop year.

FLAXSEED

In 1945-46 the Board took delivery of 4,856,203-24 bushels of flaxseed from producers and 17,371-28 bushels were transferred from the 1944 Crop Account, making total receipts of 4,873,574-52 bushels. Sales amounted to 4,595,040-34 bushels, leaving stocks on hand on July 31, 1946 of 278,534-18 bushels. Under Order in Council P.C. 2550, April 12, 1945, the Board was required to purchase flaxseed from producers at \$2.75 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur, and No. 1 C.E. Flaxseed basis in store Montreal. In accordance with the same Order in Council the Board was required to sell flaxseed to domestic processors at the ceiling price of \$1.64 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur and No. 1 C.E. Flaxseed basis in store Montreal. Since the bulk of sales were for domestic account, the 1945 Crop Account showed a deficit of \$2,510,417.07 as at July 31, 1946.

The 1944 Crop Account, with all stocks disposed of, showed a deficit of \$4,098,108.56 as at July 31, 1946. This deficit was due to large domestic sales at the prevailing ceiling price of \$1.64 per bushel.

As provided in Order in Council P.C. 2550, April 12, 1945, net losses to the Board arising from flaxseed operations are chargeable to the Consolidated Revenue Fund.

SUNFLOWER SEED AND RAPESEED

In 1945-46 the Board received \$6,604,242 pounds of rapeseed and 3,179,084 pounds of sunflower seed. As provided by Order in Council P.C. 859, February 3, 1945, and in accordance with instructions of the Oils and Fats Administrator of the Wartime Prices and Trade Board, the Board sold sunflower seed and rapeseed to processors in Canada, f.o.b. their plants on the same price basis as these seeds were purchased from producers f.o.b. shipping points. In disposing of these seeds as directed, the Board absorbed carrying charges, handling and transportation costs, interest and administrative expenses which were in turn chargeable to the Treasury. With all stock disposed of, the deficit in respect to the 1945-46 Rapeseed and Sunflower Seed Account amounted to \$62,898.86 as at July 31, 1946, and the deficit on the 1944-45 Sunflower Seed and Rapeseed Accounts amounted to \$112,850 as at July 31, 1946.

EQUALIZATION FUNDS

Owing to the large utilization of oats and barley for feed purposes in Canada 1945-46, the Oats Equalization Fund and the Barley Equalization Fund recorded deficits as at July 31, 1946. In the case of oats, the Equalization Fees collected amounted to \$11,359,033.51 while Advance Equalization Payments to producers and administrative costs amounted to \$11,512,742.40, leaving a net deficit of \$153,708.89. In respect to barley, Equalization Fees collected amounted to \$983,735.37, while Advance Equalization Payments to producers

and administrative costs totalled \$14,996,755.65. The deficit in the Barley Equalization Fund, namely, \$1,013,020.28 was due to the action taken by the Dominion Government under Order in Council P.C. 6238, September 25, 1945, which provided for an increase in the Advance Equalization Payment on barley to 20 cents per bushel, and prohibition of exports of barley during the crop year 1945-46. This action was taken owing to the urgent need for barley for feeding purposes in Canada. A small amount of barley went for export early in the crop year under export permits outstanding as at July 31, 1945. Equalization Fees were collected on exports of barley malt and other products of barley. The Equalization Fund also benefited from the collection of a 5 cent premium on barley used for malting purposes in Canada, in accordance with Order in Council P.C. 6238.

Ontario Wheat Equalization Fund

Pursuant to Order in Council P.C. 4646, July 5, 1945, the Board levied Equalization Fees on exports of Ontario wheat flour and products of Ontario wheat.

During the crop year 1945-46 Equalization Fees were levied against 157,462 barrels of Ontario wheat flour and a small amount of Ontario wheat which went for export during the crop year. As at July 31, 1946, the Ontario Equalization Fund amounted to \$270,417.67 which amount, less payment costs and plus accumulated interest, will be available for distribution among producers marketing winter wheat in Ontario in 1945-46.

I may say that distribution has been made.

SALES AND PRICE POLICY

During the first half of the crop year the Board moved export wheat into seaboard positions in large volume, and in the latter half of the crop year to the extent that remaining supplies of wheat in Canada would permit. This policy the Board considered sound from a merchandising standpoint in addition to offering the best means by which this country could contribute to the desperate food situation which prevailed in overseas countries throughout the crop year. The extent to which the Board pressed for a prompt movement of export wheat may be illustrated by the fact that exports of wheat (including wheat in the form of flour) amounted to 206.6 million bushels during the first half of the crop year and 133.5 million bushels during the last half. Under the circumstances which prevailed at the time, it was the desire of most importing countries in Europe to secure as much wheat as possible prior to the winter months of 1945-46. During the final quarter of the crop year, exports of Canadian wheat were relatively small and conformed to the supply position which prevailed in this country. Every available bushel was exported and only minimum stocks remained in Canada on July 31, 1946. As in previous years, exports of Canadian wheat were co-ordinated with exports from other countries through the Cereals Committee of the International Emergency Food Council, and/or the Combined Food Board.

By authority of the order in council P.C. 1116, February 20, 1945 and order in council P.C. 4647, July 5, 1945, the Board was required to make wheat available for consumption in Canada at the domestic price of \$1.25 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver.

For the greater part of the crop year 1945-46 the board's export price policy was in terms of order in council P.C. 6122, September 19, 1945, which required that for the time being, Canadian wheat be offered for export at a price not exceeding \$1.55 per bushel for No. 1 Northern basis in store Fort William/Port Arthur or Vancouver.

TRANSPORTATION

The facilities of the emergency grain transportation committee were used throughout the crop year 1945-1946 in co-ordinating transportation in Canada with transportation problems as they developed. Transportation available for the movement of grain, including railways and lake vessels, was adequate throughout the crop year. During the fall months of 1945 it was not only possible to provide exceedingly large stocks of wheat at seaboard but, in addition, over 90 million bushels of wheat were in eastern storage positions at the close of navigation on the great lakes. The westward movement of wheat from Alberta kept well ahead of arriving ocean tonnage until late in the crop year.

In the final quarter of the crop year availability of stocks of grain became a limiting factor and it was not possible to use the volume of transportation which would otherwise have been available. Taking the crop year as a whole, transportation facilities in Canada geared themselves very closely with the domestic and export requirements. Particular reference should be made to the work of the railways in western Canada in reducing country elevator stocks to 11.2 million bushels on July 31, 1946, with a substantial part of these stocks either held for mills or in unshippable quantities.

DELIVERY QUOTAS

As a result of country elevator space available at the start of 1945-46 and the rapid movement of wheat to seaboard, it was possible to increase delivery quotas quickly. The initial wheat quota was established at 5 bushels per authorized acre, but the board immediately increased delivery quotas at local delivery points in accordance with space available. On September 6, 1945, a general wheat delivery quota of 14 bushels per authorized acre was established throughout western Canada. On October 4, 1945, the Honourable J. A. Mackinnon, Minister of Trade and Commerce, announced in the House of Commons that the 14-bushel limitation on marketings was being removed for the crop year 1945-46. On the following day the board announced an "open" delivery quota on wheat at all delivery points in the western division, effective until July 31, 1946.

In order to assist in meeting the demand for feed grains, the board extended the "open" delivery quota on oats and barley in effect on July 31, 1945 to August 31, 1945. On August 30th the Board announced an "open" delivery quota on barley for the balance of 1945-46. At the same time the "open" delivery quota on oats was extended to September 14, 1945. On September 13th the board announced that the initial 1945-46 delivery quota on oats would become effective on September 17th and would be established at 5 bushels per seeded acre. At the same time it was pointed out that some restriction had to be maintained on oats in order to facilitate the rapid movement of wheat to the lakehead and to the west coast during the early part of the marketing year. On December 27, 1945, a 10-bushel delivery quota became effective in respect to oats. On December 31st an "open" delivery quota was established for oats except at a few delivery points where the quota of 15 bushels per seeded acre was maintained for a short period. The delivery quotas in respect to oats were completely open on February 11, 1946.

At the commencement of the crop year the board announced that delivery quotas would not be established for 1945-46 in respect to flax or rye.

PACIFIC COAST

In 1945-46 there was a large movement of western wheat for export via Pacific coast ports. Wheat shipments from Pacific coast ports amounted to 69.5 million bushels as compared with 12.2 million bushels in 1944-45. The

export wheat movement through Pacific coast ports was in line with the movement recorded in the most favourable pre-war years.

The following table shows receipts at and shipments from Pacific coast elevators in 1945-46 with comparative statistics for previous years:

RECEIPTS

—	Wheat	Oats	Barley	Rye	Flaxseed
	(bushels)				
1945-46.....	55,552,120	3,703,540	1,111,603	65,236	1,433
1944-45.....	11,863,854	2,910,017	402,293	65,233	—
1943-44.....	21,159,259	2,328,219	959,785	36,047	248,053

SHIPMENTS

—	Wheat	Oats	Barley	Rye	Flaxseed
	(bushels)				
1945-46.....	69,503,624	4,315,374	1,007,768	89,126	1,991
1944-45.....	12,179,566	2,703,010	387,864	62,870	—
1943-44.....	24,243,051	2,540,337	923,315	37,087	247,193

CHURCHILL

There were no shipments out of Churchill in 1945-46. Stocks in store at this port amounted to 1,877,737 bushels as at July 31, 1946.

LONDON OFFICE

Mr. R. V. Biddulph, European commissioner, continued his liaison work with the Imported Cereals Division of the United Kingdom Ministry of Food. During the year, Mr. Biddulph returned to Canada for consultation with the board and discussions in connection with overseas developments.

WASHINGTON OFFICE

During 1945-46 the cereals committee of the Combined Food Board and later the International Emergency Food Council played an important part in programming the movement of grain and flour from exporting countries to areas of need. As a result, the board's office in Washington, D.C., was active throughout the crop year. During the year Mr. C. C. Boxer was appointed as the board's representative in Washington and as a representative of the Department of Trade and Commerce on the cereals committee.

ADVISORY COMMITTEE

During 1945-46 the advisory committee held five meetings. Members of the advisory committee during 1945-46 were: Messrs. Lew Hutchinson (chairman), Duhamel, Alberta; R. C. Brown, Pilot Mound, Manitoba; D. A. Campbell, Montreal; F. H. Clendenning, Vancouver; P. Farnalls, Halkirk, Alberta; J. Theo Roy, Montreal; J. A. McCowan, Summerberry, Saskatchewan; F. Petty-piece, Auld, Ontario; R. C. Reece, Winnipeg, A. C. Reid, Winnipeg and J. H. Wesson, Regina, Saskatchewan.

In February, 1946, Mr. R. C. Reece resigned from the advisory committee. The board records its appreciation of the services rendered by Mr. Reece from the time of his appointment in August, 1940.

Mr. C. Gordon Smith, formerly Assistant Chief Commissioner of the board, was appointed to the advisory committee in March, 1946.

THE CANADIAN WHEAT BOARD

In February, 1947, Mr. C. E. Huntting resigned as Assistant Chief Commissioner. Mr. W. C. McNamara was appointed Assistant Chief Commissioner to succeed Mr. Huntting and Mr. F. L. M. Arnold was appointed to the vacancy on the board.

Mr. Chairman, that is the end of the first half of the report, the balance deals with the financial position of the board.

The CHAIRMAN: I would like to thank Mr. McIvor for this very comprehensive report which he has just given to us. It shows what large operations the Canadian Wheat Board are carrying on and the importance of cereals not only to Canada but to all the countries of the civilized world to which it is exported.

And now, if it is your pleasure, we will proceed page by page, starting with the first page, if that is the wish of the committee. The matter is entirely in your hands. We will deal with them that way, or in any other way you desire, if you would give us an indication of your preference. Is that satisfactory to the committee?

Carried.

Are there any questions on page one?

Are there any questions on page two?

By Mr. Wright:

Q. I would like to ask Mr. McIvor some questions with regard to the movement of wheat to eastern ports. On page 2 of the report it says that during the August-January period 206.6 million bushels were moved for export, and during the latter part of the year, February-July, 133.5 million bushels were moved for export; just how does the board get wheat moved from the head of the lakes into position at eastern ports? As I understood you to say during the short time that you were before the committee in 1944 you use export firms; you do not move wheat yourselves to the eastern seaboard?—A. No.

Q. Well then, how did the firms which moved that wheat for you to eastern seaports protect themselves?—A. Mr. Wright, they took delivery at the head of the lakes and they make an advance payment to the wheat board and they are trustees for the wheat board of that particular wheat. It is not theirs, they are merely acting as trustees and subject to the direction of the board; and we have a shippers' agreement with them and they deliver the wheat to the ocean steamer under instructions from the board by the various purchasers, such as the United Kingdom, Belgium and the Netherlands; whoever it happens to be.

Q. How does the board allocate its business to the various exporting firms?—A. We do not attempt to allocate it. We give the business to the company that is able to obtain the lake tonnage. We tried to allocate it for a while on the basis of historical background and no one was satisfied so now it is a matter of who has the lake tonnage.

The CHAIRMAN: Is that all on page 2?

Page 3,—any questions?

By Mr. Burton:

Q. Mr. Chairman, on page 3, I have a question or two to ask. The item at the top of the page there, 123,635,506 bushels delivered to the United Kingdom,

does that fulfil our quota to the United Kingdom for that year?—A. Those show the total amount of exports of Canadian wheat and flour to the United Kingdom. That is the amount they took.

Q. I notice there that you kept your deliveries to the United Kingdom pretty well equal during that period of time in spite of the fact that, as you mention in the previous statement, there there were 206.6 million bushels exported in the first six months and in another part the exports were much lower, but apparently your supplies to the United Kingdom went forward at a very uniform rate.—A. Yes, although the movement was heavier in the fall of the year when the lakes were open.

Q. There is one other question: in supplying the requirements of France and the French colonies the amount shown is over 30 million bushels; there is only 8,727,711 bushels to France herself and 23,414,651 to the French colonies; did the French government undertake all of that?—A. Yes, that is right.

By Mr. Harkness:

Q. The second last paragraph says:

It is interesting to note that during the August-January period 36 per cent of Canadian wheat exports went to the United Kingdom, while during the February-July period, 61 per cent of the smaller Canadian wheat exports were directed to the United Kingdom. For the crop year as a whole, the United Kingdom took 45 per cent of wheat exports from Canada and 55 per cent went to other countries.

Can you give the average price paid per bushel for the 278 million involved?—A. During this period of time, as I mentioned in the report, the price to all countries was \$1.55 per bushel, including the United Kingdom.

Q. I thought that during part of that period it was changed.—A. No, it could not be during that period; it was extended to the 31st of July.

Q. Was the \$1.55 per bushel the price agreed on for all wheat?—A. Yes.

Q. All of it?—A. Yes.

By Mr. Hatfield:

Q. I would like to know if there was any wheat shipped into the United States during that period?—A. Yes.

Q. The report shows that some of it went there in bond; was there any sold to the United States?—A. Yes; those figures shown for the United States are for wheat for consumption and for milling in bond.

Q. It does not show them separately. Could you tell me how much was sold for consumption and how much for milling in bond?—A. I will get you a breakdown on that. We have it in our figures.

By Mr. Quelch:

Q. I understand that responsibility for deciding to which country wheat could be exported is vested in the wheat board, and that during this period allocation was largely a matter of government policy. Who decides as to how much wheat shall be exported to this country and how much shall be exported to that country? On the top of page 4 it says:

All the foregoing exports were programmed through the cereals committee of the then existing Combined Food Board and were related to export programs undertaken by other countries, principally the United States and Australia. In addition to wheat exports, Canada exported 62 million bushels of wheat in the form of flour, of which about 28 million bushels went to the United Kingdom and the balance was distributed among a wide range of importing countries. A very substantial volume of Canadian flour was purchased by UNRRA for distribution to countries in receipt of UNRRA assistance.

Is it done by them, or do you make recommendations to them?—A. I happen to be the chairman of that committee, Mr. Quelch. The system followed, it is really programming, is this: one of the objects of the committee is to see that there is no duplication in the supplying of wheat or flour; in other words, that in these days of shortages you do not over-supply one country and leave a deficiency in another country. And now, the method that is followed by the United States, ourselves and Australia—the Argentine are not members at the present time although at one time they were—is that each put forward their views as to where their supplies are going. Each country reserves the right to direct its supplies to any particular country, but they do agree that if one particular country is being over-supplied at the expense of another deficient country, that the position be reviewed and if it appears that there is a country with an over-supply steps are taken to see that wheat or flour is not sent to that country but are sent elsewhere. It is a sort of combined effort. The point I would like to make is that this international committee in Washington does not say to Canada, send so much wheat to the United Kingdom or so much wheat to France, or so much wheat to Italy and so on; they say: What are your shipments going to be for the next two months and where are they going; and they ask the United States the same question, and Australia. And then in addition to that although the Argentine are not members—they were up to recently, but they are not members now they withdrew—we do obtain from the Argentine where their supplies are being used, and we know even the total amount of Argentine shipments.

By Mr. Bentley:

Q. Was not the Argentine a member during the period under review?—

A. I think they were through during part of that period.

By Mr. Hatfield:

Q. And was there any head on the sale price during this period?—A. No.

By Mr. Bentley:

Q. And that brings up another question. I think Mr. McIvor said that they do not allot to the Canadian exporters any more, they only deliver wheat to those who have the tonnage; I think that is what you said a while ago?—A. Yes.

Q. Does that apply to the total quantity under review, do you know?—A. Yes.

Q. Was it in effect during the 1945-46 period?—A. I will just check on that. Mr. McNamara points out—I had forgotten—that our wheat stocks were so low at the start of the season that we did allocate, but since wheat came in in volume we changed that.

Q. Then you have just replied to another point in which I am interested; you said that the Combined Food Board did not set any quotas, it simply reviewed the general situation and unofficially asked for a change where in their opinion a change was needed?—A. That is right.

Q. Would that affect exports in any way? Or that would mean that you would just change the destination of a ship, or its movement?—A. That is right.

Q. One or the other?—A. May I point out that this tonnage to which I refer is lake tonnage, not ocean tonnage; just lake tonnage, tonnage on the great lakes. As far as ocean tonnages are concerned, the purchasing countries provide that tonnage.

Q. Well then, in all this 250 million bushels, including that which went to the United Kingdom, I understand there was some class I and some class II wheat; now, what would be the proportion of the respective grades—can you give us that approximately?—A. During the period under review only one class of wheat was shipped, it was all at the same price, so it does not matter whether it was class I or class II.

Q. It was all the same price?—A. Yes.

Q. Just one more question; was any of this sold direct from the wheat board to the government importing agency of any other country, or did it all go through Canadian exporters?—A. It all went through Canadian exporters.

By Mr. Bryce:

Q. When did the class II come into operation? What date did you start?—A. The date of the announcement of the policy which was, I think it is in our report here, August first was the first date of operation; August 1, 1946.

The CHAIRMAN: Are you at page 3?

By Mr. Wright:

Q. Has Mr. McIvor figures indicating what the price was during that period 1945-46, when we were selling at \$1.55? Could he indicate to us what the price was? It could not have been very much above \$1.55?—A. It was above \$1.55, Mr. Wright. We can get that information for you.

Q. I would like to get the world price of wheat and flour, the world price for 1945-46.

Mr. BENTLEY: Would it be possible also to get an extension of that question; how you established world prices? Personally I do not believe there ever was any way of establishing that, but you must have some way of answering that question.

The WITNESS: I would certainly be glad to deal with that. I am prepared to deal with it. I am glad you put it that way.

The CHAIRMAN: Is there anybody else on page 3?

By Mr. Quelch:

Q. Do you always sell to the different countries at the same price? Is there any variation between countries?—A. Not on the same day.

The CHAIRMAN: Are we through with page 3?

Carried.

Questions now are on page 4.

By Mr. Townley-Smith:

Q. On the top of page 4 you refer to the fact that Canada exported not only wheat but also flour; what I want to ask you is this: was there a fixed price for flour, and did that price hold any relationship to the \$1.55 per bushel on wheat?—A. In so far as flour is concerned, the wheat board made the wheat available to the mills at \$1.55, plus carrying charges. The arrangement with regard to the price of flour was made between the mills and the United Kingdom government; while in the case of other countries, the arrangement was between the mills and the other countries. We did fix the price of flour.

By Mr. Burton:

Q. At the bottom of page 4 it shows the abnormal depletion of our stocks this year from a previous year's total of 258,394,518 down to 69,858,181 bushels; and in the middle of the second paragraph on that page you state:

Stocks of wheat in export positions were practically exhausted by the end of the crop year, and a substantial part of remaining commercial stocks was required to meet the requirements of Canadian mills until new crop wheat became available in September. This exhaustion of wheat stocks in all positions in Canada as at July 31, 1946, and especially in wheat stocks in export positions, had an important effect upon the Canadian export position during the first four months of the ensuing crop year.

If I may be allowed to do so, Mr. Chairman, I should like to say that this should be an example to the people of this country who become alarmed as soon as we have a little reserve of foodstuffs in this country. In years gone by very often that was used to the detriment of the producer. And it shows the foolish idea on the part of some people that as soon as we have a reserve of foodstuff they immediately start crying for the removal of the reserve. I would say with the experience we have had that even in that year we were skating on very thin ice. At the time when you only had 69 million bushels of wheat on hand in this country that was very little to have seen us through during a period when anything might have happened to our crop, and I am sure that none of us wanted a curtailment of shipments of wheat to countries that were in need of wheat at that time. I feel that we would have been in a better position had our reserve stocks in the years before been even higher than what they were; but while some may say that that is just a situation that we may get into once in a lifetime, nevertheless it should bring to our attention the need for a policy of an ever-normal granary. And I would like to know if the board has been giving serious thought and consideration to that, and as well to the idea of a plan on the old principle of biblical days of making use of the seven fat years in preparation for the seven lean years; have the board given serious thought to that?—A. That question is a question for parliament, government policy, but I should like to express my own personal views and they are purely my own views. So far as I am concerned I have lived through surpluses and I have lived through these times in the last year or two. I was with Mr. John MacFarlane for five years when we built up what we thought was a terrific surplus of 230,000,000 bushels. There was a great deal to do about it. A special committee of the House was set up to investigate it. I have also seen the stock go over 600,000,000 bushels during the war. We had to get special storage facilities and that sort of thing. There was great difficulty in handling it, I can tell you that. So far as I am concerned, speaking personally. I would a thousand times rather live with surpluses than live through the situation we have to-day. That is my personal opinion and that is my judgment of the situation.

By Mr. Quelch:

Q. Could Mr. McIvor say whether he is optimistic regarding the chance of reaching some formal agreement through the International Wheat Conference? So far, the conferences have all bogged down. Do you think there is any chance of a fair agreement being reached?—A. I have not been in on any discussions. We have been busily engaged with the board and the International Emergency Food Council work. I am not close to it at all so, for that reason, I have not any information and I would rather not discuss it.

Mr. WRIGHT: Is Mr. Wilson, who took part in these discussions available in Ottawa for questioning?

Hon. Mr. MACKINNON: Dr. Wilson is here, but I think I can give you very briefly an answer, Mr. Chairman, to the question which has been raised. We have, and when I say "we" I mean the department and Dr. Wilson who is particularly in charge, we have been very anxiously working with all the other countries in an effort to secure an international wheat agreement. Unfortunately, just at the last meeting in Washington of the Canadian Wheat Council it would appear that any likelihood of effecting any arrangement is off for the immediate present. Efforts will again be taken up in January next looking towards the completion of an agreement and, in the meantime, if anything develops which makes it appear as if we might be able to make progress by a more early resumption of the discussions that could be done.

Mr. QUELCH: Could the minister say what he considers to be the main stumbling block towards reaching an agreement at this time? This seems to be

the logical time to reach an agreement while prices are high and while we are willing to make concessions. If we have to make an agreement while prices are very low, then I imagine the possibility of getting a fair agreement is nil. What is the main stumbling block? What nations are responsible for it?

Hon. Mr. MACKINNON: I do not know whether the press is here and I would not like to get into a discussion of this that would be quoted outside.

Mr. WRIGHT: Could we keep it off the record?

The CHAIRMAN: Yes.

(Off the record)

Mr. ROSS: Is it not fair to say that the real reason why the International Conference broke down in Britain was the fact that the present United Kingdom-Canadian Wheat Agreement existed at that price. I do not think anybody will argue against that. It is advantageous to Britain which is a big importing nation.

Hon. Mr. MACKINNON: I would say that is not correct.

Mr. ROSS: It is a matter of price between Britain on the one hand and the United States on the other. You just said that.

Hon. Mr. MACKINNON: I would not tie it up with the United Kingdom contract.

Mr. Quelch: Is it not equally true to say that Argentina is opposed to reaching an agreement on this thing?

Hon. Mr. MACKINNON: Argentina has never come in except once, I believe. She came in once and then withdrew. Argentina has adopted the policy of selling wheat at very high prices to various countries and using the bulk of the money received for her wheat for other purposes than payments to the producers, as is known.

Mr. JUTRAS: Is it not true to say as well that the situation to-day is exactly the same or the stumbling block is exactly the same to-day as it was when this first meeting was called and there was no wheat agreement at that time?

Hon. Mr. MACKINNON: I think that is a fair statement.

Mr. WRIGHT: With regard to the working of this committee when it dissolved at Washington, what was the situation? Is there still a committee there which intends to call in the various countries later? Is that the position, or just what is the position?

Hon. Mr. MACKINNON: You can correct me if I am wrong, Dr. Wilson, but my understanding is that the last meeting took place very recently, about June 23rd. As I have told you, it was decided to put off further discussion until January next. In the meantime, if anything develops which would make it appear that it might be possible to make more progress than now appears likely, the conference will be reconvened.

By Mr. Warren:

Q. There is a question which has been troubling me a little and I should like to have some information on it before we get too far away from the question of surpluses. Is the percentage of loss over a period of years with wheat in an elevator very large?—A. I think I can say in dealing with the large surpluses—when I was speaking about surpluses, I am not suggesting that in peace time we ever try to accumulate the surpluses we had during the war. I think that would be a terrible mistake. In dealing with these very large surpluses the loss was almost negligible. It was really amazing the small amount of wheat that was lost in that period.

Q. I remember reading the reports regarding weavils in the elevators?—A. Yes, that was overcome. There was a slight fractional loss, but it was almost negligible.

By Mr. Harkness:

Q. What is the cost for storage in a year in a large hold-over of wheat?—

A. Storage is an arrangement between the wheat board and the elevator companies. We discuss the situation every year in a combined meeting of the pools, line elevator companies, United Grain Growers and the committee adjusts it at various stages according to the participation earnings of the company. If the quantities they are going to store are going to be small, then there is an adjustment of the storage rate upward. If it looks like a large quantity, the board naturally fights for a lower rate. The rate has varied from one-sixtieth of a cent to one-thirtieth of a cent per day; that is half a cent a month or a cent per month.

By Mr. Wright:

Q. If it were government policy to carry a permanent carry-over of say a billion bushels, if we established a permanent normal granary policy, then I think you will agree the rate would be the lower rate rather than the higher rate?—A. I would hope so, Mr. Wright, but that is a question of bargaining. I do not know whether, on that point, you could set up a figure you would carry in this country. It is a matter that is open for question, as to how you would approach this. For example, you would I think be required in times of great scarcity to put out your wheat, but you would not be so alarmed when you got a surplus of any kind, feeling the other position would arise again in due course. Perhaps I am too steeped in the situation in which we are to-day, but I know I would feel very relieved if we had a surplus now instead of the situation we have to deal with.

By Mr. Ross:

Q. Is not the situation this; an ever normal granary policy is utterly impossible now. We could not begin to establish a normal granary at this time with the starvation and want there is in the world. The thing is out of the question at the present?—A. It is out of all reason, I feel, so far as we are concerned now. We have to go on making a contribution to the peoples and countries in need to get our wheat out.

Q. Under those circumstances?—A. Under those circumstances, but I would not view certainly with the great apprehension that I did at the time I was with Mr. MacFarlane, the piling up of any substantial quantity of wheat. Perhaps being steeped in the operation of trying to hold the market at 50 cents, which we are trying to do in those days, you become naturally alarmed about the quantity of wheat in the country. I do not think I would be as bothered again having gone through this other period.

By Mr. Harkness:

Q. I wonder if Mr. McIvor could tell us what amount of loss was sustained by the wheat board during the war years due to storage charges?—A. We can give you those figures. As a matter of fact, I have a statement here which I should like to give during the time our financial accounts are considered, arising out of a statement made in the House of Commons regarding our general, over all position. We should also like to put forward a statement as to how much we did put out in carrying charges during that period of time. There was no recognition of that. We will give that out as soon as we get to our accounts.

Mr. BURTON: As I indicated before when I opened the discussion along these lines, I am quite sure no other person would want to curtail the shipments to the countries which require wheat. I think that is quite true. As Mr. Ross has suggested it would be ridiculous to try to set up your surplus stock at the present time but I do contend, Mr. Chairman, while we are doing that, while we are making every effort to ship every possible bushel we can to the countries

which are in need, I contend it is also a time when we should be thinking about how to meet the situation when we again arrive at normal times so we will not be in the position we were in other years. As soon as we had 100,000,000 bushels of wheat surplus, some people created a panic.

By Mr. Townley-Smith:

Q. The table at the bottom of page 4 of the report shows the wheat carry-over was 69,000,000 bushels of which 27,000,000 is said to be out on the farm. This seems to be quite a large percentage of it. Who says so? I wonder if Mr. McIvor could give us, briefly, an explanation of how that information is arrived at?—A. That is the information we get from the Dominion Bureau of Statistics as a result of their farm stock survey. I might say, I am sure the members from the west will remember, at that time we were reaching the maximum deliveries of wheat and giving what encouragement we could to get the maximum delivery. That figure, I understand from Mr. Davidson, is the official figure he was given.

Mr. BURTON: Could I just add a word to that, Mr. Chairman. You have listed there the different elevators and terminals and so on which supply reports. In connection with your country elevators the operators are required to submit forms. They are usually fairly accurate in estimating the amount of grain in their immediate vicinity which is still in private hands.

The CHAIRMAN: Are you satisfied with page 4?

Carried.

Page 5. Are you satisfied with page 5?

Mr. HARKNESS: On page 5 I wonder if, under domestic requirements, we could have in the various years the number of bushels milled for domestic use as flour in each case?

The WITNESS: We can give you those figures if someone will make a note of these questions.

Mr. HARKNESS: I thought it would be handy to put that down here beside the list you have.

The WITNESS: Will it be satisfactory if we make a note of these questions now and come back to them so that we will not delay the committee? We have the records here; it is just a question of getting at them.

The CHAIRMAN: Are you satisfied with page 5?

Carried.

Page 6?

Carried.

Page 7?

By Mr. Ross:

Q. I think this is the first item where we go back to 1944. I understand that the board is now in a position to start issuing payments on participation certificates for 1944. I wonder if Mr. McIvor can tell us how much those producers may expect per bushel according to grade on those certificates. I presume your office would have that figure?—A. I will ask our auditor to check me if I am wrong, but I think the total over-all amount is \$65,000,000 or \$66,000,000.

Mr. McVEY: At the end of July, 1946, it is \$65,000,000, as you suggested. There will be some interest to be added to that and the estimated cost of the payment taken off, so that I think perhaps it may fall roughly around the same figure shown here which is \$65,000,000.

The WITNESS: I want to make the position clear. Just now the board is in the course of reviewing the spreads on each grade, so I would not want any information I give to be misunderstood because every grade has to be set up in relation to the other grades. What was the total handled through that crop year?

Mr. McVEY: Purchased from the producers, 352·4 millions, roughly.

The WITNESS: I think that is as far as I should go to-day. You can calculate your total amount compared to your bushels but there will be a combination of grades.

Mr. ROSS: I realize the difficulty, but could you not say approximately what it might be?

The WITNESS: You and I can figure it out together.

Hon. Mr. MacKINNON: Just roughly.

The WITNESS: I do not know why I should be figuring it out with our auditors here. How much is it?

Mr. McVEY: Very roughly it would be about 18 cents a bushel.

The WITNESS: Is that close enough?

Mr. ROSS: Yes, an approximate figure of 18 cents.

By Mr. Wright:

Q. I wish to revert to page 6 dealing with authorized acreage. I have some questions I asked with regard to how the authorized acreage was determined in cases where new land is brought under cultivation, and in cases where the original authorized acreage was quite low. I know that to-day we are not using this, but the chances are that during the course of another year or two years we may be back under authorized acreage again. I should like an explanation from the board as to just how the matter of authorized acreage is determined as between different sections of the provinces in western Canada.—A. I think that during the discussion in the House you asked for the same information, and I advised Mr. MacKinnon we would have Mr. Malahar here who handles authorized acreage. He will be here tomorrow with all the necessary data covering that question. He has been on holidays. He was washing his car and slipped off the roof, so we have really had a lot of difficulties on this job. He will be here to-morrow.

Mr. QUELCH: Did not Mr. MacKinnon answer in the House that for the present time the quota would be based upon the current seeded acreage of wheat?

Hon. Mr. MacKINNON: Yes, that is right.

Mr. BENTLEY: Now that the minister is here I wonder if I could ask a question. Will we be permitted to ask questions on the 1943-44 and the 1944-45 financial statements?

Hon. Mr. MacKINNON: Certainly.

The CHAIRMAN: Is there anything else on page 7?

Mr. BURTON: Mr. Chairman, I presume we are allowed to discuss anything on these pages now that the report is before us. I quite understand that we cannot expect the officials of the Wheat Board to be responsible for policy. Consequently there is a matter I wish to draw to the attention of the minister while he is with us. It is in the third paragraph from the top of page 7. It says:

The board's fixed initial price was reduced from 80 cents per bushel to 70 cents per bushel, effective August 1, 1939, and continued at this level until August 1, 1942, when it was increased to 90 cents per bushel basis No. 1 northern wheat in store Fort William, Port Arthur or Vancouver.

What I wish to draw to the attention not only of the minister but also the rest of the members of the committee who are interested in this work is that you had the farmers of this country operating at a loss in the earlier years of the war, and at a considerable loss. We went along until the year 1943 before the farmers really had an opportunity to get the cost of production in the sale of their commodities.

Hon. Mr. MACKINNON: In this year you are speaking about, if I may interrupt, is it not a fact that Canada at large contributed over \$60,000,0400 to the wheat growers?

Mr. BURTON: Yes. I am glad you made that interruption because very often we hear from people from other parts of the country as to how the farmers are benefiting under certain measures that were undertaken, but they fail to realize that here we were laying up stocks of wheat in this country to the advantage of the country and of the allied nations and that later on we were in a position to alleviate the suffering of humanity in many countries. The farmers were expected to carry that load themselves during that time. Then later on after having had two or three years of the beginning of wartime prosperity the farmers had an opportunity to share to some extent, and then again they were the first ones to get it in neck when we take the prices and compare them with what people in other walks of life are receiving.

As I say, I do not expect the officials of the Wheat Board are responsible for the situation, but I do think that we as Canadians should take a broader view of all these matters, and not rise up immediately just because there has been some money spent in summer fallow bonuses or under the P.F.R.A. They should look at these reports and see that while other people were exporting for all the traffic would bear they were tied down to \$1.55. I just wanted to make use of this opportunity to have the minister and others realize that out of this period of wartime prosperity a farmer only had a couple of years in which he was able to share.

Mr. QUELCH: I wonder if Mr. McIvor or the minister could intimate at this time when the distribution of the 1944 surpluses may be made?

The WITNESS: At the present time we are in the course of writing the barley cheques. The machines are writing the barley cheques. They will be mailed within a few days. Just as soon as the barley cheques get out of the way the requisitions will be asked for from the producers for the 1944 crop. Then the cheques will start to go out. I do not mind saying that the illness of Mr. Findlay, to which I referred earlier, is going to create some problems for us, but I think we will overcome them and get the cheques out according to our original plan.

By Mr. Quelch:

Q. It will likely be some time this year?—A. Yes.

By Mr. Ross:

Q. They might be expected for Christmas this year?—A. I think I may say it will be an early Christmas this year.

Hon. Mr. MACKINNON: May I just say a word or two in that connection? I think possibly some of the members of the committee may say, "Well, why do they not put on some more men to get these cheques out? It is a physical impossibility for the board to do more than they are doing. I do know they are pressing their staff and everything in every way to speed up the getting out of these cheques to the producers.

Some of you know that the building occupied by the Canadian Wheat Board has recently been purchased by the Board. There are other tenants in that building, the principal ones being the Manitoba Wheat Pool and the Saskatchewan Wheat Pool. We have been trying to get them out and into

buildings that they control, but possession of which they cannot obtain. I merely mention that to show you that it is a very live problem with those in charge, and the Canadian Wheat Board can be trusted to do everything possible to get those cheques out as quickly as possible.

The CHAIRMAN: Are you satisfied with page 7?

Carried.

Page 8. Are you satisfied with page 8?

By Mr. Wright:

Q. There is a reference on page 8 to Crown wheat. I have some questions I want to ask with regard to Crown wheat along the lines of former questions I asked. This Crown wheat was taken over in 1943, in September, approximately 300,000,000 bushels, and the account was finally closed out in 1945 or 1946. A. 1946.

Q. The wheat was taken over at \$1.25 a bushel as far as the board was concerned, that is, as far as the farmers were concerned.—A. \$1.23 and $\frac{1}{4}$.

Q. The wheat was supplied to Canadian millers and for mutual aid. Those were the two places where the wheat was disposed of, and from 1943 on the price of wheat was continually above \$1.23 and $\frac{1}{4}$. I should like to get the amounts of sales by the board of Crown wheat, the average monthly sales of Crown wheat by the board during the period that it was selling that wheat, and the average world price of wheat monthly during the same period. The farmers of western Canada took a considerable loss, in my estimation, on this wheat. I think it is going to be very important that we have some estimate of that later on because there will come a time probably when the western wheat producers may in periods of depression be subsidized to some extent in the price of their wheat. If we put a floor price under wheat I know we will hear howls of anguish from all parts of Canada as to why wheat should be subsidized. I think it is important that we should have some estimate of the sacrifice which western Canadian farmers made during this period, and because of which they should be entitled to some consideration later on. That is why I should like to get those figures if it is possible.—A. Have we those figures?

Mr. McVEY: I doubt very much if we have them over the whole period of the Crown operations. So far as we are concerned I doubt if we have them at all because from an audit standpoint we would not be interested in fluctuating world prices.

Mr. WRIGHT: No, but you would have the other figures. We can get the world price from other sources, but you would have the average monthly sales of Crown wheat during that period. That would be all we could expect to get from you.

The WITNESS: I was going to ask if you would have those figures on the monthly sales?

Mr. McVEY: They could be procured, but I doubt if they are here.

The WITNESS: We have no objections to giving that, but as you know we are operating under a terrific handicap this morning.

Mr. WRIGHT: As long as we have it on the record somewhere it will be satisfactory.

The WITNESS: As far as the world price what world price did you have in mind?

Mr. WRIGHT: That was the question which you promised to answer later on, your method of determining world prices.

The WITNESS: The point I am getting at is this. Do you wish the Canadian world price during that period for wheat other than Crown wheat? Is that the basis?

Mr. BENTLEY: I think what you would want would be what you might have sold that wheat for somewhere else during that period.

The WITNESS: That would be the basis on which we sold other wheat during that period.

Mr. WRIGHT: What we want are the average sales, monthly sales, by the board, and the average world price that you sold that wheat for during similar periods.

The WITNESS: We will get that as soon as we can.

Mr. QUELCH: Including the wheat you sold to Great Britain.

Hon. Mr. MACKINNON: Was that question not answered by a question and answer in the House?

Mr. WRIGHT: No, I allowed it to stand until the board was down here.

Mr. ROSS: I think that is quite proper. I should like to support Mr. Wright in that request because it may be very important in the future. You certainly have a record of all sales by months, and even if you happen to be a little short on the other side as to world prices we will be able to check on those.

The WITNESS: We will get all the information we can on it.

By Mr. Burton:

Q. In addition to that surely the board has records of sales made to other countries which will give them an opportunity of determining what that wheat was sold at.—A. We have that.

Mr. ROSS: Exactly on the same basis as it is being done to-day between two classes of wheat.

Mr. QUELCH: It is after 1 o'clock.

Hon. Mr. MACKINNON: I do not see how you can possibly get that information in a matter of a few days.

Mr. WRIGHT: I am not particular whether we have it while the committee is meeting here.

Hon. Mr. MACKINNON: Could we not make a statement to the effect we will secure and give you that information at a later date, some date that is suitable to you? May I apologize for not being here at the opening of the committee? Circumstances prevented me from being here, and circumstances may prevent me from being here at other times, but if there is any question that any one wishes to direct to me and I am not here the answer to it will be available at a later time.

Mr. BURTON: The questions asked by Mr. Diefenbaker and Mr. Ross will be tabled at the next meeting of the committee?

Hon. Mr. MACKINNON: I have been making inquiries of the chairman. I have not yet found out what those questions are. I am told that one of the questions deals with the salaries paid to employees of the board. I have not discussed that matter with my colleagues, but I do not think that is a proper thing to make public. In the city of Winnipeg we have people competing for the employment of individuals. In Winnipeg we have an organization that over the years has been paying pretty high salaries. I think it would be unfair to the Canadian Wheat Board if we had to place on a public record the salaries that we pay to the employees of the board. For that reason I would certainly not like the committee to press for that class of figures. There may be other questions that we would be glad to answer, but I put it to you in a fair way that regarding a question of that nature I think it would be embarrassing to our operations.

Mr. ROSS: May I ask one more question while the minister is here? With regard to Mr. Wright's question about Crown sales that information may not

be available before we conclude the meetings of this committee. Would the minister undertake to put that on *Hansard* at the opening of the next session? If it is going to invoke a lot of argument it may not be possible for us to deal with it now. If the minister will undertake to have that put on *Hansard* at the commencement of the next session I think that will be satisfactory.

Hon. Mr. MACKINNON: Yes, I shall.

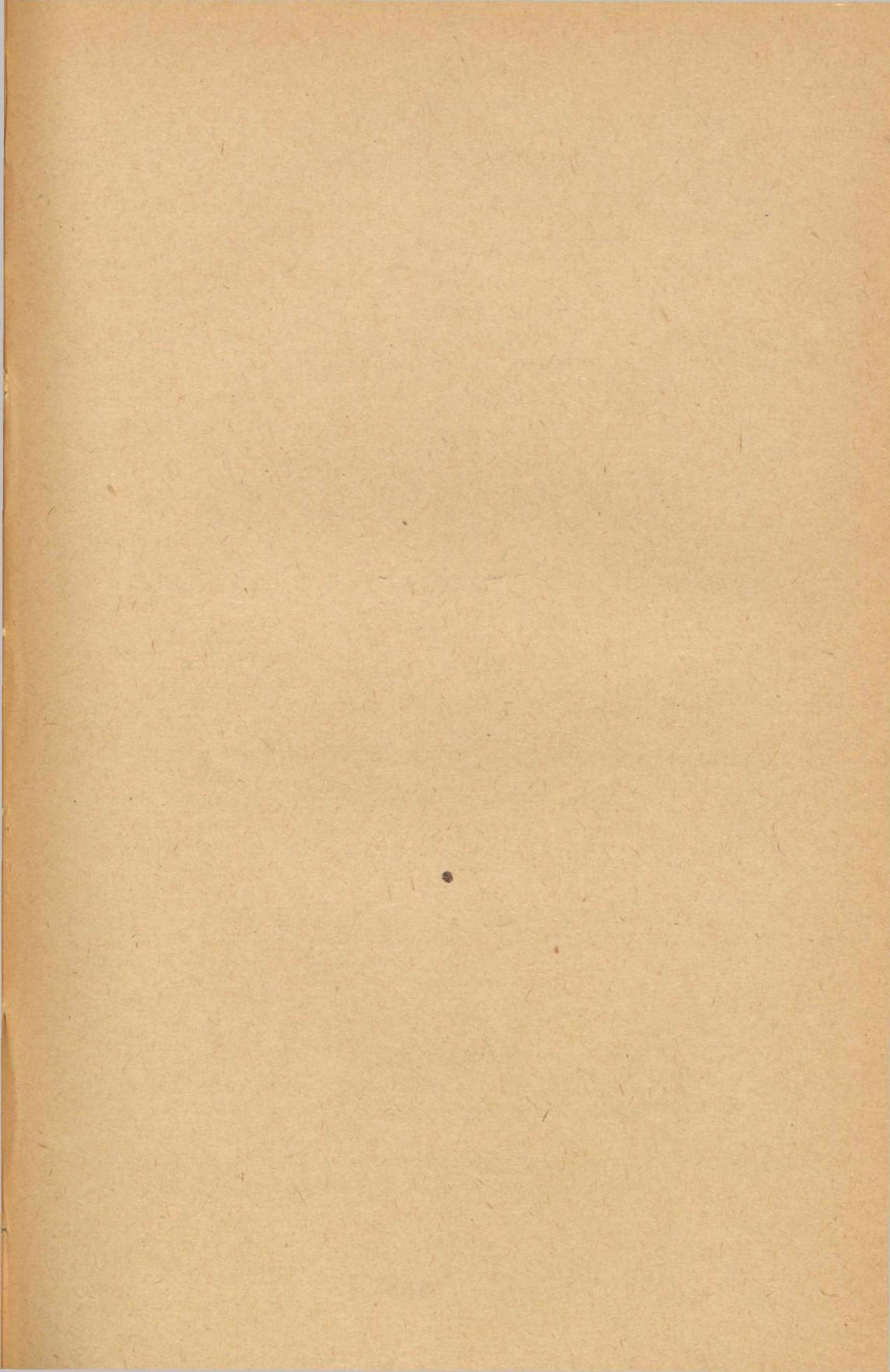
Mr. McIVOR: I will undertake that if we can get this information now you will have it; if we cannot get it in time for presentation here we will send it to the minister.

Mr. Ross: Yes, and he can have it put on *Hansard* at the opening of the next session. All that I want to know is that it is authentic.

Mr. McIVOR: We will do that.

The CHAIRMAN: We will meet to-morrow morning at 11.00 o'clock.

The committee adjourned at 1.10 p.m. to meet again to-morrow, July 2, 1947, at 11.00 a.m.



SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

REPORT OF THE CANADIAN WHEAT BOARD
FOR THE CROP YEAR 1945-46

WEDNESDAY, JULY 2, 1947

WITNESSES:

Mr. George McIvor, Chief Commissioner, Mr. W. C. McNamara, Assistant Chief Commissioner, Mr. C. B. Davidson, Executive Assistant, of the Canadian Wheat Board.

Mr. W. W. McVey, C.A., representing Millar, Macdonald & Co., Chartered Accountants, Auditors to the Canadian Wheat Board.

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

1947

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 277,

WEDNESDAY, July 2, 1947.

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

Members present: Messrs. Argue, Bentley, Bertrand (*Prescott*), Bryce, Burton, Cloutier, Côté (*Matapedia-Matane*), Coyle, Douglas, Drope, Fair, Golding, Gour, Harkness, Harris (*Grey-Bruce*), Hatfield, Jutras, Leger, McCubbin, Quelch, Robinson (*Bruce*), Ross (*Souris*), Senn, Sinnott, Townley-Smith, Warren, Wright, Wylie.

In attendance: Mr. George McIvor, Chief Commissioner, Mr. W. C. McNamara, Assistant Chief Commissioner, Mr. C. B. Davidson, Executive Assistant, Mr. W. G. Malaher, Supervisor, Acreage and Permit Division, of the Canadian Wheat Board; Mr. W. W. McVey, C.A., and Mr. C. E. G. Earl, C.A., representing Millar, Macdonald & Co., Chartered Accountants, Auditors to the Canadian Wheat Board; Dr. C. F. Wilson, Director of the Wheat and Grain Division of the Department of Trade and Commerce.

The Committee resumed consideration of the Report of the Canadian Wheat Board for the crop year 1945-46.

Mr. Geo. McIvor was recalled and his examination was continued.

At the request of the Committee the witness filed certain statistics relating to the amount of wheat milled for consumption in Canada from 1938-39 to the end of 1946-47, and to wheat prices in the United States in 1945-46. (*The said statements appear as exhibit "A" to the present report*).

At 1.05 o'clock p.m., the Committee adjourned to meet again at 4.00 o'clock in the afternoon.

AFTERNOON SESSION

HOUSE OF COMMONS, ROOM 429.

The Committee met at 4.00 o'clock p.m. The Chairman, Mr. R. McCubbin, presided.

Members present: Messrs. Argue, Beaudoin, Belzile, Bentley, Bertrand (*Prescott*), Bryce, Burton, Cloutier, Coyle, Douglas, Drope, Fair, Farquhar, Gardiner, Golding, Gour, Harkness, Jutras, McCubbin, McGarry, Menary, Quelch, Robinson (*Bruce*), Ross (*Souris*), Senn, Sinnott, Townley-Smith, Whitman, Wright, Wylie.

In attendance: The same officials as are reported present at the forenoon session of the Committee.

Mr. W. W. McVey, C.A. was called and Mr. Geo. McIvor, Mr. W. C. McNamara and Mr. C. B. Davidson were also questioned.

At 6.00 o'clock p.m., the Committee adjourned to meet again at 11 o'clock a.m. to-morrow, Thursday, July 3, 1947.

ANTOINE CHASSE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 2, 1947.

The Standing Committee on Agriculture and Colonization met this day at 11 a.m. The Chairman Mr. R. McCubbin, presided.

The CHAIRMAN: Yesterday we had the reading of the report by Mr. McIvor, and we had agreed to take the report, as we have it in our hands referred to us from the House, page by page. We have dealt with the first seven pages. We were dealing with page 8 when we adjourned yesterday at 1 o'clock. If there are any questions you would like to ask with respect to page 8 you are at liberty to go ahead and ask them.

George McIvor, Chief Commissioner, The Canadian Wheat Board, recalled:

By Mr. Senn:

Q: On page 2 it shows the total amount of wheat and flour exported was 340,000,000 bushels; on the next page there is 278,000,000 bushels in the form of wheat which leaves something like 60,000,000 bushels in the form of flour.—
A. Yes.

Q. Can the witness tell the committee how much of that went to Great Britain and how much went to other countries of that 60,000,000?—A. We have not the breakdown here but we can get it and file it with the committee. It is a case of getting the breakdown between wheat and flour. As I understand it you would like to know how much flour went to the United Kingdom?

Q. Yes.—A. We will get that information.

Mr. ARGUE: It says 28,000,000 bushels at the top of the next page.

The WITNESS: The figure is there. I had not noticed it. It is on the next page, 28,000,000 bushels.

By Mr. Wright:

Q. On page 8 it says:

Subsequently further supplies of wheat were purchased by the dominion government for Crown account.

How much was purchased? Is that outside of the 300,000,000 which was taken over in September?—A. Yes. We will come to those figures when we come to our financial statements. They are included in the financial statements. That is over and above the take-over in September, 1943.

Q. How was it purchased and at what price?—A. The first lot was purchased at \$1.46 from the Wheat Board account, sold to the Crown account less carrying charges, I think, of 3 cents a bushel. There were some other purchases there, and that is all covered in our report.

The CHAIRMAN: Is there anything else on page 8?

Carried.

Page 9. Is there anything on page 9?

Carried.

Page 10. Is there anything on page 10?

By Mr. Ross:

Q. This deals with the United Kingdom wheat contract. I suppose this is a fair question to ask Mr. McIvor. Can he tell us what the basis was for establishing that price of \$1.55 basis Fort William in the contract with Great Britain. What was the basis for that?

Mr. HARRIS: Do you really think that is a fair question?

Mr. Ross: It is the Wheat Board. If he thinks it is not he can tell me and I will let it go. I should like to know what the basis is for arriving at that price at that time if it is a fair question. I preface my remarks that way.—A. I think it is a very important question, and I do not think that the Wheat Board should be answering it. These negotiations were conducted by a government committee, and I do not believe that the Wheat Board should be answering that question.

By Mr. Fair:

Q. The price fixed would be entirely out of the hands of the Wheat Board, if I am correct?—A. It was as a result of negotiations between the two governments.

By Mr. Ross:

Q. A matter of government policy?—A. Yes.

By Mr. Senn:

Q. Was the Wheat Board not consulted in any way?—A. Yes, we were.

By Mr. Hatfield:

Q. What about the balance over the 160,000,000 bushels, or whatever it was that was contracted for with the United Kingdom? Was the Wheat Board allowed to sell that to any country?—A. Yes. As to the amount over and above the United Kingdom contract the Wheat Board was instructed by the government to sell that wheat in the world markets on the basis of the nearest competing price, which is the American price.

By Mr. Ross:

Q. And the Wheat Board are free to sell it to these countries based on the explanation given to us yesterday?—A. Subject to the explanation of yesterday.

By Mr. Senn:

Q. Was the price of the flour that was sold to other countries based on the world price of wheat?—A. Yes, sir, the price of wheat that existed in regard to the other countries.

By Mr. Wright:

Q. Yesterday you stated you would give us an idea of just how that world price is calculated by the board?—A. Do you wish to deal with that now?

Q. I suppose it might as well be dealt with now. I do not know whether it is under this item. This is the wheat agreement. If there is any other place where you would rather deal with it that is perfectly satisfactory.—A. What I had in mind was that we would deal with it when we dealt with your question of yesterday on which we have some of the figures here that you asked for.

By Mr. Quelch:

Q. Can you say whether Great Britain diverted any Canadian wheat to other countries?—A. They are not reselling any.

Q. I thought they had passed some on to Europe.—A. No. They have a perfect right under the agreement to resell, but the only diversion I know of they made of which they informed us was a diversion which they made to the occupational zone in Germany. That consisted of two cargoes and was

owing to the very bad conditions that existed there, and which they got a return from the United States of two cargoes on an equal basis. That is the only diversion I know of other than to those areas for which they have assumed procurement responsibilities such as Malta and some of the colonies. The United Kingdom has sent some of our flour there because they have procurement responsibilities for those areas.

By Mr. Fair:

Q. That would be more of a gift than a sale.—A. It is not a resale according to the way I consider resale.

By Mr. Townley-Smith:

Q. You did not quite fill the contract in 1945 and 1946.—A. We did not have a contract. The contract applied to 1946 and 1947. I think I should say to the committee now that the contract will be completed on schedule.

By Mr. Ross:

Q. That is the present contract?—A. The present contract. I should add it will be completed on schedule as far as we are concerned. We will have the wheat at the seaboard, and the only thing that would upset the contract being completed on schedule is if the United Kingdom did not have their boats all there by the 31st of July.

Q. Transportation?—A. Yes. As far as we are concerned we will have the wheat ready to deliver by the 31st of July.

Mr. BURTON: Talking about this wheat agreement which commences on page 10 and continues on page 11, there is one part in the concluding paragraph which I wish to draw to the attention of the members of the committee and others where it says:—

In the later period of the contract Canada received the advantages of a guaranteed market, though for a diminished quantity, and of the assurance of at least the stated minimum prices. In determining the actual price in the last two years regard will be had to the extent to which the agreed price for the first two years falls below the world price for that period. Our farmers are therefore protected from crippling losses should there be a world slump in wheat prices. This is the commercial advantage which Canada secures.

With a part of that I can most heartily concur, but the point I wish to draw to the attention of the committee is that very seldom if ever do farmers get anything for nothing. Some members of parliament seem to be under that impression. Even here we are called on to carry our own insurance for future conditions as they may be. It is something that should be borne in mind that the farmers of this country in spite of the fact, as I said yesterday, that we went for several years during the early part of the war without having any benefits of the so-called wartime prosperity, are now again called upon to do something that other branches of industry in this country are to very little, if any, extent called upon to do, to carry insurance on our own losses that may occur in the future. I think that should be borne in mind when we consider this in future years.

The CHAIRMAN: Is there anything else on page 10?

Mr. SENN: With regard to what Mr. Burton has just said have you any idea what the cost of carrying that insurance is?

Mr. BURTON: It runs into a tremendous figure.

By Mr. Senn:

Q. Is there any way you can give us an idea as to how much more the farmers would have received if it had been sold at the world price? That is what you mean by the cost of insurance?—A. Well, we will file with the

committee the class 2 prices on our sales other than contract wheat. I do not like to answer that kind of question specifically. I think it can only be answered in general terms, but those prices will be made available to the committee. Then the committee can draw their own conclusions from the figures that are put forward.

By Mr. Ross:

Q. Will the prices for the current year be made available?—A. Right up to date.

Mr. ROSS: That will certainly give us quite a picture because I am quite convinced this insurance is going to be pretty costly. In fact, I am quite sure that it will be proved that if we had obtained the prevailing price for the first two years of the contract we could have given 140,000,000 bushels for the third and fourth years for nothing to Great Britain and still have been ahead.

Mr. LEGER: Is it not so so that the western farmer would rather have a long term agreement than a yearly term?

Mr. WRIGHT: The last member who has just spoken is perfectly correct. I think speculation on this thing at this time is pretty idle because we will not know until the contract is really completed just how we stand on it. We can speculate but that is all we can do at the present time. The farmers of western Canada for a long time have been trying to get some stability in the marketing of their grain. This has given that stability which has been asked for. Until the contract is completed I think it is pretty idle to speculate on what may happen. When that contract is completed if we have taken a large loss no doubt you will hear from us, but until that time I do not think there is much use in speculating.

By Mr. Argue:

Q. I wonder if the witness would care to pass an opinion on this? Does he think that the fact we did sign the wheat agreement has tended to increase the so-called world price or depress the world price, or has it had any effect at all on the world price at the present time?—A. That is what might be called the \$64 question.

Q. I think it is important because if we sign an agreement and that forces the world price up then the argument that we would have got the world price had we not signed the agreement is wrong, of course.—A. I do not know that I can answer that question.

By Mr. Ross:

Q. It is largely speculation.—A. Yes, it is.

Mr. LEGER: Is it not so that if Canada had not signed the five-year agreement the world market would have had a tendency to go down because there are so many millions of bushels of wheat that the world market knows are sold for so many years. Therefore it has a tendency to create a higher market for the rest of the wheat unsold.

Mr. ROSS: What about your fall rye which is not controlled? There is an example for your argument.

By Mr. Hatfield:

Q. Does the Wheat Board sell this wheat or do they turn it over to exporters to sell?—A. The Wheat Board sells it, but we use the exporters to transfer it from the lakehead to the seaboard.

Q. The Wheat Board sells it and turns it over to the exporters?—A. The Wheat Board sells the wheat and directs the exporters to deliver it on board ship at the seaboard.

Q. They do not sell it to the customer?—A. No.

Q. They do not sell any wheat. Why does the Wheat Board maintain officers all over the world?—A. We do not. We have an office in London which is an office for the purpose of discussions with the United Kingdom government, a very useful office, too. It is a liaison office between the Wheat Board and the Ministry of Food. We have an office in Washington which is a liaison office between the American government and the Wheat Board, which is a very important office. We have an office in Vancouver which deals with the question of the movement of wheat from the interior to Vancouver. We have an office in Calgary which deals with the deliveries of wheat in the province of Alberta. We have an office in Toronto to deal with the question of Ontario wheat and the export of Ontario flour.

Q. I should like to ask another question. Why should the committee on agriculture be considering this report? It is made to the Minister of Trade and Commerce. It is not made to the Department of Agriculture. I have been here for several years, and in only one session has this committee taken up anything pertaining to eastern agriculture. All they have done is take up this wheat report which is not a report to the committee on agriculture at all. It is a report to the Department of Trade and Commerce which has a committee in this House. Why should they not consider this report, and not the committee on agriculture?

Mr. HARRIS: Surely the answer to that is that many members of the opposition have repeatedly demanded that it be referred to this committee and we have been nice and handed it to them.

Mr. HATFIELD: I am not in agreement with it. I want to know why we do not consider eastern agriculture.

Mr. ROSS: We have done so sometimes.

Mr. HATFIELD: In only one session since I have been here.

Mr. ROSS: Further to the statement made by my good friend, Mr. Wright, with regard to western agriculture wanting this contract I do not know who you think speaks for western agriculture. I will admit that organized agriculture certainly has wanted this sort of deal, but I do not admit its stability at all. It certainly holds the producers down. You cannot have stability under a contract like that where your other producers are not taken care of in the same fashion.

Mr. LEGER: What other producers?

Mr. ROSS: Lumber producers, implement producers and everybody else. We are talking about the export market. I am not blaming the Wheat Board at all for that; it is not their fault at all. I want to say now that we are discussing this contract that when somebody says that the western farmers wanted it I as a western farmer—and I have done nothing else all my life until I came to Ottawa—have been opposed to this deal right from the very start. I want to say right here that I think Mr. West and Mr. Hannam have done the western farmers a great disservice in their advice to the government. I say that and I have said that from the very start of this contract.

I want to make another point very clear. I am 100 per cent behind the Canadian Wheat Board, and I have always been. I do not want to have a misunderstanding there, but that is a different thing altogether from this contract. The only thing you are doing is placing the western wheat producer in a very false position. Your lumber producers, your implement producers, and everybody else in Canada who export their products are allowed to do so by the government of the day at the prevailing world price. The agricultural producer is the only man who is not allowed to do that. You have got to prove to me where there is any stability in that. You are not giving him a fair chance at all. I will admit this is speculation, but I am sure that this contract is going to cost the western producers for this present year over \$100,000,000, maybe \$200,000,000. That is only speculation, but you can see how much it is

going to be. We are now in the last month of the crop year. You can guess fairly accurately what it is going to cost.

I want to say there is not anybody can say to-day what percentage of the western farmers Mr. West and Mr. Hannam and these people represent in their advice to the government. I, for one, along with many of my neighbours am not satisfied with the advice Mr. West and Mr. Hannam have given the appropriate ministers in negotiating that agreement. I repeat they are doing a great disservice to the wheat producers of western Canada.

Mr. LEGER: In answer to my friend, Mr. Ross, I believe that he must consider this aspect of the situation. Let us say a shirt retailer, for instance, goes to a manufacturer and says, "I am going to buy your output for five years. What is your price?" Naturally the price is going to be much lower if the output is going to be sold for five years rather than only for one year.

Mr. ROSS: Is he not going to estimate his cost at all?

Mr. LEGER: Absolutely. As for the implement manufacturers they are on their own. This year they may have an increase of 10 per cent, but next year they may have to drop 20 per cent. In the next five years we do not know what is going to happen while, on the other hand, western farmers are protected for five years at a price where you are making money. You cannot tell me you are not making money when you sell wheat at \$1.55 a bushel. You are guaranteed nothing less than \$1 a bushel. There is nobody can make me believe that you cannot make money at \$1 a bushel for wheat.

Mr. ROSS: Why do you not come out and try it?

Mr. LEGER: Wheat sold for 40 cents a bushel in certain years.

The CHAIRMAN: I think we are getting away from discussing the Wheat Board report.

Mr. FAIR: I feel this is digging into the pockets of the western farmers. I do not think we should let the argument of Mr. Leger go unanswered. He says that the manufacturer sells, but in the case of the wheat farmer he did not sell. The government sold. The farmer has got to deliver his wheat or hold it in bins. The Wheat Board by legislation has the power to compel the majority of the western farmers to deliver their wheat to the board.

Mr. ROSS: 100 per cent.

Mr. FAIR: I think Mr. Ross is quite correct. We should be allowed a higher price. The government told us early in the war that because we were getting low prices then we would be allowed certain advantages when the war was over. The advantages are still to come, in my opinion, because up until the first of August, 1942, we were compelled to accept an initial price of 70 cents a bushel for our wheat. The people who supply us with implements and other things, as suggested by Mr. Ross, were not controlled in the same way we were. Their balance sheets showed they were making money. Our balance sheet showed we were losing money. I think that should be taken into consideration.

Again to go back a little way, during the depression years 20 cent wheat was being delivered by the farmers and thousands of us were going broke, and some recompense should also be afforded at this time. Speaking of direct loss at the present time the figures given by the Minister of Trade and Commerce in the House show that up to the last day in May we had suffered an average loss of \$1.03 a bushel on every bushel of wheat delivered under the British contract as compared with what class 2 wheat sold for to other purchasers. Let some of my friends over here figure out \$1.03 a bushel on every bushel of wheat sold in Great Britain up to that time. I know the average is lower at the present time, but up to the end of May the loss suffered directly by the Canadian western farmer was an average of \$1.03 a bushel.

Mr. HARRIS: That is the comparable price if he had been able to sell at another price. He was speaking of the cost of production and sale, not the question of how much he would have obtained by selling in some other manner.

Mr. FAIR: It is still a direct money matter as far as we are concerned.

Mr. HARRIS: That gets back to the old question whether, if the contract had not been made, you would have been getting \$2.16 from Chicago yesterday.

Mr. FAIR: I am in agreement with Mr. Ross that those who have recommended on behalf of all farmers of Canada were not looking to the best interests of the prairie wheat grower. I am not satisfied for a moment we are getting anything like what is coming to us. I want that known as far as I am concerned.

Mr. JUTRAS: I want to add one word to what has been said on this question of the wheat contract. As has been well pointed out most of this is speculation. There is no doubt that there are a few in organizations, even the farmers' organization, throughout the country who hold different views, but I do not think that the members of this committee are rendering a service to the farmers of Canada when they make statements that would tend to discredit the organization of the farmers. One of the main reasons why farmers probably have not got the share that was coming to them in the past has been that they were not organized in any way. They have had great difficulty in getting an organization under way to present their views to the government as all organizations have to do in this country. The government in the last few years has been very careful to listen to all suggestions of the organization of the farmers. They have acceded to many of the requests. No doubt it has been of great advantage to the farmers throughout Canada. Any statement to discredit the leading officers of the organization by saying that they do not carry the confidence of the farmers throughout Canada I think is a real disservice to the farmers of the country.

Mr. FAIR: I do not think that is an answer. I have been in farm organizations in western Canada since 1918, and I do not need any advice from across the table.

Mr. JUTRAS: Whether or not you like it you are going to get it.

The CHAIRMAN: Gentlemen, we are not going to get into a political discussion.

Mr. FAIR: There is no politics whatever as far as I am concerned.

The CHAIRMAN: There is politics all through it. You cannot get away from it.

Mr. FAIR: No politics whatever.

The CHAIRMAN: Are you finished, Mr. Fair?

Mr. FAIR: Just a moment. We are talking dollars and cents here. I want to make my position very clear. Ever since the first Wheat Board was established in 1919 I have been in favour of it, but I am as strongly convinced to-day as I was then that while the Wheat Board is a good organization I am not satisfied we should be tied down as we are at the present time because the man who is supplying our needs is not controlled in the way we are. He is given a whole lot of latitude we are not given. I want to make that clear. I am fully in favour of the Wheat Board. I am fully in favour of the farm organization also, but I think, as I have already stated, that a little sound advice to some of our officials in these organizations is what is needed. I am not condemning that as a matter of government policy, the only thing I would want is to have it made much stronger. It may become the voice of a majority of the farmers when they go to the government in the matter of the sale of farm products.

Mr. BURTON: Mr. Chairman, probably I should be allowed to express a word of apology, if that is necessary, to you for having precipitated this

debate; but I must confess that when I did so I had no idea it was going to be so all-embracing, as it has turned out to be. I definitely wish to assure you that when I made the few remarks which I did it was absolutely with no thought or idea of entering into a political discussion on it. I definitely wanted to bring to the attention of the committee the fact that the farmers very seldom, if you will allow me to repeat, have ever got anything for nothing; and I was pointing out that we were this year called upon to carry a considerably heavier insurance. Now, allow me to continue and in view of what has been said to elaborate a little on that in this way; I want to make a definite statement that in my opinion those acting on behalf of the government of Canada made as good a deal with Britain as was possible for them to make at that time and under the circumstances. With that I have no quarrel; realizing what the people of Britain went through for us and for other peoples of the world in the years preceding that. But there is this that we must keep in mind, that when the Canadian government allowed other industries in the country to go along a certain path then possibly we should have been given a little protection in another way, in that if the wheat of Canada was going to be sold at a loss taking into consideration possible world prices at that time, that then the Canadian people as a whole should have carried that loss instead of just a few producers themselves. Now, that brings me to this point in so far as some of the statements made are concerned, that the leaders of certain farm organizations gave advice to the government and as I understood the situation at the time these men were speaking for a majority of the producers of the country, with all due deference to those who have made statements to the contrary; but in my opinion the reason why a majority of the producers were in agreement with them was because of the fact that they were led to believe that the dominion government through its system of price controls would have insured a measure of stability to us as producers and that the price of products generally would not rise. When my friend from New Brunswick said a moment ago here that we were making money out of \$1.55—which is in reality only \$1.35—

Mr. Ross: It is less than that.

Mr. BURTON: Yes, less than that. Now, here is the picture, Mr. Chairman; that is the definite understanding which the producer had, that they were going to have this stabilized market over a period of five years and they were going to have a certain amount of protection in respect to price controls in that the price of the things they had to buy would not rise unduly. And I want to tell my friend from New Brunswick that the cost of these commodities since this agreement was entered into has risen so sharply that it has wiped out most of if not all of the price benefit. I recognize that many of the producers have consistently throughout the years been looking for a stabilized market; but I would point out to you, Mr. Chairman, that you cannot have a stabilized market on the one hand if you are going to let instability have its way in the price of those things which the farmer has to buy. Again let me point out that I appreciate that the situation is one over which the people before us have no control, it is not a matter with which they can deal. I may have been in error in saying that in the discussion; but I would say it should be remembered by the members of this committee that we farmers even when we accepted that agreement and the conditions as they were at that time realized full well that we were at that time already carrying our own insurance; and we contend that when the government saw that and released price controls on items which make up our cost of production they should have then taken steps to see that Canadian producers were given an opportunity to have a measure of price adjustment which would have equalized the added burden they were required to assume.

The CHAIRMAN: I would like to say to the committee that I do not think we are going to get anywhere in a discussion of this kind.

Mr. WARREN: But, Mr. Chairman, you cannot stop at that; you cannot leave it up in the air that way. I think we have reached a very important point, a point at which I thought it would be useful to refer to the situation which existed back in the days after the first world war. You will recall that we had an open market at that time. The pools were handling the wheat and setting the price, not only for the current but also for the prospective buyers.

Mr. FAIR: But the pools were not in existence at all after the last war.

Mr. WARREN: Yes, they were.

Mr. ROSS: They were not.

Mr. WARREN: Maybe not; but if my memory serves me the pools were selling wheat at that time and setting their own price. I do not know what it was. Whatever it was it was high enough to cause every importing country to put up prohibitive tariffs. You could not possibly ship Canadian wheat to Italy, France, or any of those countries; and even the British people immediately got to work increasing the acreage on their farms to grow wheat because they felt they could not afford to pay the price the Canadian farmer was asking for his wheat—

Mr. ROSS: Are they not doing that to-day?

Mr. WARREN: —with the terrible result that eventually we lost our markets for our Canadian wheat, until the farmer as has been said here to-day was getting around 80 cents a bushel. That should have taught us a lesson in regard to the fallacy of trying to get the last nickel for our wheat in the market abroad.

Mr. QUELCH: I would like to make a few comments. As has been said, various representations have been made by farm organizations and the government to a very large extent accepted those representations. I would like to point out one fact, however; I think most of our farmers are in favour of long-term dealings in so far as our relations between Canada and other countries are concerned. At the same time I think organization is the only medium through which the farmer can obtain a measure of effective control over the sale of his product. Further, I think the income of the farmer should bear some relationship to the cost of the things he has to buy. If it had not been for control and the policy of price stabilization I think there might have been a different price for wheat to-day than the one fixed under that agreement. It has been said that the farmer to-day is taking less than the world market price in order to have insurance for the future; but I think in that regard we have to recognize the fact that insurance should be considered and applied to the past as well as to the future, and for ten years the farmers have been having to take prices considerably below the cost of production. When this agreement was made the farmers were told in effect that they must be willing to accept world market prices, and as prices have gone up as ceilings have been removed we find that they are not getting anything like such a price. The point I want to make is this, that if the farmers were forced into the position of having to take an agreed price; that if we cannot have the existing world market price, then the prices of other commodities should have been kept more in line with the price structure in effect at the time the agreement was entered into. I think you will all recall that Hon. Mr. Gardiner in his speech in the House pointed to the fact that the farmers are reducing the debt load which had accumulated during the years of depression, and I think he said that the balance remains at something like \$60,000,000. The mortgage companies have pointed out that the farmers are now paying their debts. As I say, Hon. Mr. Gardiner pointed out that we had a farm debt of \$60,000,000, even after having paid off the considerable sums which they have. The farmers should have the benefit of the highest prices obtainable to-day in order to compensate them

for the losses they incurred back in 1930 and in the years following. We shall not only be in the position to build up reserves for the future, but we should also build up a reserve to take care of the accumulated debt of the past. Until such time as we have a government policy that will guarantee the farmers parity prices I do not think we are going to get anywhere, and we will have no assurance for the future, whether you have an international agreement or not. I am very strongly in favour of the wheat board marketing all the wheat in Canada. I think a great disservice was done the farmers of Canada when the wheat board was done away with after the last war. It was as a result of that action that prices broke in 1933. As you know, the western pools could not stand up against conditions which then existed. If government-guaranteed prices had been maintained at that time the pools would not have had to absorb the losses which they did in those years; particularly in 1929, when the initial price was higher than could be obtained and they went heavily in debt. I do not think that anyone thinks for one minute that the price the farmers are getting to-day is sufficiently high to take care of the losses of the future; the prices of to-day will scarcely take care of the losses of the past. It is to be hoped that in future the farmers will receive fair prices in order to give them a measure of protection.

Mr. SINNOTT: Mr. Chairman, when this agreement was drawn up, it was drawn up as I understand it for the purpose of discouraging European countries from the growing of wheat and to insure us a market for our wheat in the future. I agree with what some of the members here have said, that we are not getting all that we could squeeze out for the farmers, but it seems to me that we are doing the best we can to enable them to have a market while at the same time discouraging the European countries from growing the wheat themselves. There is one thing which I want to protest most vigorously to-day, and that is the policy of the government in allowing the machine companies to export 40 per cent of their machinery with the result that our farmers are starving here to-day for it.

The CHAIRMAN: Is there anything more on page 10? On page 11?

Mr. CLOUTIER: I would like to ask for information as to the meaning of this sentence:—

In determining the actual price in the last two years regard will be had to the extent to which the agreed price for the first two years falls below the world price for that period.

I would like to ask if the price obtained is, shall we say, a dollar below the world price; and, if it is, would the British government be willing to pay the additional price or anything near it?

Mr. HARRIS: That will be the first question sent to the international court of justice, I would say.

The WITNESS: Mr. Chairman, in all fairness I suggest that I should not be dealing with that question. This as I understand it is a treaty between two governments and in arriving at the terms of the contract there was a discussion between ministers and a discussion between experts. There was a committee formed here of which board officials were members which discussed this question. To pick out one section of the contract and ask me my opinion as to what it means when my opinion might not agree with that of the other people who are associated with it—I would just as soon not answer that question.

The CHAIRMAN: Anything else at page 11?

Anything on page 12?

By Mr. Harris:

Q. Mr. Chairman, there is an item here near the bottom of the page, Ontario winter wheat. My recollection was that when we came here about the beginning of the year—

Mr. LEGER: Louder, please.

Mr. HARRIS: —that the price was about \$1.26, plus 9 cents which the wheat board paid, plus 5 cents from the equalization fund. I wonder if the witness could give us any details of the changes which have been made since that time.

The WITNESS: Yes. The ceiling price has been raised to \$1.55; basis Montreal; and 8 cents per bushel is paid in advance from the flour equalization fund.

Mr. HARRIS: That is in addition to the \$1.55?

The WITNESS: Yes.

The CHAIRMAN: Is that paid on the day of delivery?

The WITNESS: It is paid at the time of the delivery of the wheat.

By Mr. Bentley:

Q. I would like to ask a question relating to page 12. I refer to item (e) of section (f) which says:—

(e) Provide for the release of increased quantities of oats and Number 4 Northern wheat for export.

Has there been any change in the policy of the government?—A. At the present time only a limited quantity of No. 4 Northern wheat is being exported, particularly from Vancouver. There are no oats being exported on account of the domestic situation in Canada.

Q. What is that?—A. Because of the domestic situation, the demand within Canada, export of oats is not allowed at present.

Q. We are greatly interested in that in eastern Canada, and it affects Quebec as well.—A. With respect to oats, I think we are going to have a very difficult time in eastern Canada this year, and possibly also to some extent in the west because of seasonal conditions. We are all hoping that the crop in western Canada will be sufficient in magnitude to supplement eastern Canadian deliveries to a very considerable extent.

Q. What change is there in the situation?—A. The change is that there are no oats being released for export; however, there is a quantity of No. 4, going out of Vancouver which will not be available in eastern Canada.

Q. What about barley?—A. None at all being exported at present.

By Mr. Ross:

Q. How long did that situation prevail?—A. About six months.

Q. For the past six months?—A. Yes, on barley; I presume your question dealt with barley, Mr. Ross?

Q. That is right.—A. On barley there has been no export for about six months; on oats, there is a limited quantity which has gone out of Vancouver, oats which were already there.

Q. With respect to this matter of feed, I would like to ask a question or two; for instance, say my brother asked me if I could ship him a carload of oats down from Prince Albert, does he have to get a permit from your board or can he receive a permit?—A. There are no restrictions.

Q. No restrictions whatever?—A. No.

Q. And that means he can ship it direct now?—A. Yes.

The CHAIRMAN: And receive the drawback and the free freight too.

Mr. Ross: That free freight applies from the head of the lakes?

The WITNESS: Yes, from Fort William. I am not so sure what the technical position is on that. That is money that is paid out by the Department of Agriculture; but I would think they would receive the drawback and the free freight.

Mr. Ross: But at any rate a producer could hold his grain and ship it, say, to his brother in the east?

The WITNESS: Yes, there are no restrictions at all.

Mr. WRIGHT: That is the position because I took a carload down here for my brother from the west.

The CHAIRMAN: Louder, please.

Mr. WRIGHT: But he had to apply to the seed administrator. He had to get the necessary forms. I shipped freight paid to Winnipeg and he got the rebate on the freight and the subsidy through the use of the form. The deal can be made direct without going through the wheat board, you simply make application to the seed administrator for the necessary forms.

By Mr. Wright:

Q. I would like to ask Mr. McIvor a question about item (b) at the top of the page there:—

(b) Reduce the use of wheat for distilling by 50 per cent as compared with the year previous;

Can Mr. McIvor give us the amount of wheat which was used for distillery purposes in 1944-45 and the amount which was used in 1945-46 to see whether this clause was actually carried out?—A. My recollection is that those figures were all tabled in the House. I haven't got them here. They are all in *Hansard*, I think.

The CHAIRMAN: Is there anything more on page 12?

Mr. HARRIS: I have just one other question relating to seed grain.

Mr. SINNOTT: I would like to ask what the regulation is concerning feed wheat; can you ship feed wheat to eastern Canada in the same manner as you can oats or barley?

The WITNESS: No, wheat must be delivered to the board.

Mr. SINNOTT: I am speaking about feed wheat.

The WITNESS: All wheat.

The CHAIRMAN: Only oats and barley.

The WITNESS: The question related to coarse grains.

By Mr. Bentley:

Q. Cannot the farmer make a deal on wheat outside the board?—A. If he sells it to a neighbouring farmer, but once it enters into the commercial market it has to be delivered to the board.

Q. He could deliver it directly to a neighbour?—A. Oh yes.

The CHAIRMAN: We are now on page 13.

By Mr. Burton:

Q. Under flaxseed—fixed prices, the last sentence in that:—

The Board was required to fill domestic requirements before offering flaxseed for export.

Can Mr. McIvor give us the number of bushels exported, and the price obtained on export?—A. It is in the account. We will look it up for you.

Q. I have looked through them very carefully and it is rather difficult to make them dovetail.—A. We perhaps can find them here right away for you.

Q. I will not pursue it any further just at the moment; except there again to point out that apparently the processors of flax in this country were bonused to the extent of \$1.11 per bushel, and I want it definitely understood that the processors got that benefit, not the farmers.—A. So far as flax is concerned, that was a fixed final payment. The government paid \$2.75 per bushel and that was final, there were no participation certificates on flax.

Q. All I know is this, that the processors of flax obtained their flax for domestic requirements at \$1.64 per bushel.—A. They did during that period, that is right.

Q. During that period, I mean.

Mr. LEGER: But the government paid \$2.75 per bushel.

The WITNESS: The flax account shows the actual loss.

Mr. BURTON: If the processors had to go outside to buy their flax they would have had to pay money.

By Mr. Hatfield:

Q. Why was the sunflower and rapeseed sent to market?—A. It was delivered over to the crushers, sir; some of the crushers are in western Canada and some of them are in eastern Canada.

Q. It mostly went to Moose Jaw, did it not?—A. A lot of it went to Moose Jaw, but some of it went to the crushing plant in Manitoba, at Altona.

Q. What price was it sold to the plant?—A. It was sold at the same price which we paid the producers.

Q. How is that?—A. The same price which the producers were paid; 5 cents per pound and 6 cents per pound, f.o.b. shipping point.

By Mr. Ross:

Q. Must all the flax delivered in Canada be delivered to the board too?—A. Yes.

Q. What about a man growing registered, certified flax for seed, does he have to get a permit from the board to export that? How is that handled?

Mr. SINNOTT: It would be sold to the seed houses.

The WITNESS: Registered and certified seed—those would be given a permit to export from the seeds administrator.

By Mr. Ross:

Q. And who handles that, the seed board?—A. Yes.

Q. And that does not go to your board at all?—A. No. It is put in bags and marked and does not go into general store.

Mr. TOWNLEY-SMITH: What is the argument at selling flaxseed at \$2.75 and selling on the domestic market at \$1.64 per bushel, and then when you get in the sunflower and the rapeseed it is sold at the same price as they give the producer; why that tremendous reduction in sales to the domestic market?

The WITNESS: My understanding is that the end products of flax were sold in relation to the \$1.64. We acted under the instructions of the Wartime Prices and Trade Board with regard to flax and with regard to sunflower and rapeseed; and I understand that some of this sunflower seed and rapeseed is the same, that the end products are sold in relation to the price paid for the actual delivery of the seed.

By Mr. Hatfield:

Q. Would the board be given instructions to sell this sunflower and rapeseed?—A. Yes.

Q. By whom?—A. By the fats and oils administrator.

By Mr. Townley-Smith:

Q. But would the wheat board absorb the loss?—A. The treasury absorbed it?

Q. The treasury of Canada absorbed that loss?—A. Yes.

Q. It will not go as a deficit against your account?—A. No.

Mr. HARKNESS: In other words, that was a subsidy in order to increase the production of seed oil.

The WITNESS: That is right.

By Mr. Wright:

Q. There is one question I wanted to ask in regard to Ontario winter wheat; is that Ontario winter wheat sold under the British contract?—A. No.

Q. Is it all sold as No. 2 wheat?—A. I should state with regard to Ontario wheat that there is probably no Ontario wheat goes for export.

Q. Why not?—A. Except a very small quantity. The bulk of the Ontario exports are in the form of flour, and it sold at the going price for that type of flour in the world market, but it does not apply to the British contract. The amount paid out of the equalization fund is 8 cents per bushel.

Q. And the flour is sold in the open market?—A. Yes. The bulk of it goes to the West Indies where it is used for special purposes.

By Mr. Hatfield:

Q. Has there been any research work done by the board as regards wheaten starches and other sunflower products?—A. Not by the board, sir. I think there has been a considerable amount done by the oils and fats administrator, but not by the board.

Q. Has the board not got a research department?—A. No. The Board of Grain Commissioners have a research department in Winnipeg in which they make studies on flour and wheat and all that sort of thing.

Q. And I think there is an elevator company which has a research department, is there not?—A. Yes, I think the Searle grain company has.

The CHAIRMAN: Any more questions on page 13?

Any on page 14?

Any on page 15?

Any on page 16?

By Mr. Burton:

Q. In connection with the freight assistance policy on oats and barley, would Mr. McIvor elaborate a little further on that? For instance, you will notice under the old shipment policy in one year it amounted to 52·2 million bushels as compared with 42·7 million bushels in the previous crop year. Then, with respect to barley you will find that there were 35·5 million bushels of barley moved to eastern Canada or British Columbia under the freight assistance policy as compared with 30·6 million bushels in the preceding year, a slight increase. Does the freight assistance policy apply only from the head of the lakes to points in central Canada, or does it also extend down to the maritimes?—A. To the whole of eastern Canada.

Q. To the whole of eastern Canada?—A. Yes, and to British Columbia.

Q. There is only a limited amount, I see, that went to British Columbia.—A. Yes.

Q. It was also under that same policy?—A. Yes.

Q. Now, the amount of money involved in that runs into a considerable total. Again, I am not taking any exception to it, but I do want to point out that when we have members on our agriculture and colonization committee discussing certain projects that are in a way extended only to western farmers;

we are quite anxious to help them along in these matters as well as other ones, and that was an assistance policy definitely for the purpose of encouraging eastern farmers in the production of livestock.

Mr. HARRIS: Mr. Chairman, I think that is a little unfair. I have been in the House for some seven years now, and I have yet to hear an eastern person get up to condemn any assistance given to the west.

Mr. LAURENDEAU: You are right.

The WITNESS: Mr. Chairman, Mr. Wright asked some little time ago how much flax was exported in 1945-46. The amount was 364,000 bushels and the price was approximately \$3.10 per bushel.

Mr. HATFIELD: What countries?

The WITNESS: To the United States, and a little bit to the United Kingdom. The bulk of it was to the United States.

The CHAIRMAN: Are we through with page 17?

Page 18?

Mr. HARKNESS: What is this where you put down 4,856,203-24 bushels?

The WITNESS: That indicates 24 pounds.

The CHAIRMAN: You had better go back to the farm, Doc!

Mr. HARKNESS: I didn't think that you went that low.

By Mr. Hatfield:

Q. What is the idea of allowing flax to be exported to the United States and not allowing barley?—A. Well, in regard to flax, the reason flax was exported to the United States; that was a special arrangement in regard to badly needed vegetable oils, they sent certain oils into this country.

Q. The United States has a lot more of territory on which to produce things which will make vegetable oil, why did they have to come to Canada for that?—A. They sent in vegetable oil here under an arrangement by which we were to send them flaxseed in return.

Q. Yes, but they did not give fair treatment.—A. We did not handle the transaction as to vegetable oils so I do not know how fair it was. With regard to barley, barley is needed in this country for feed and for malting in the country itself.

Q. Evidently flax is not.—A. I am not in a position to give you the facts in regard to sunflower seed and rapeseed, also flaxseed, because we were instructed how to handle that; we handled that on behalf of the Wartime Prices and Trade Board and they told us how to handle it, and where to send it. I understand there were allocations arranged with the crushers, and we followed those instructions.

Q. Somebody authorized the W.P.T.B. to send it out. Maybe the W.P.T.B. could answer that for us. Somebody authorized the shipment of sunflower seed and flaxseed for oil out of Canada and it was shipped out at a very high price for other countries but they kept the price down in Canada to a low point.

By Mr. Ross:

Q. Has there been any increase in the capacity of the seed-crushing plants in Canada?—A. There have been some increases. One or two new plants have been or are being constructed.

Q. I realize that, but I was wondering what the capacity was.—A. I think between seven million and eight million now, including the new plants.

By Mr. Senn:

Q. Is that item at the top of page 18 the volume of barley that was moved under the policy of freight assistance?—A. Yes, those are the figures, 35.5

million bushels moved to eastern Canada, including a small amount to British Columbia. That was all moved under the freight assistance policy.

Q. I was wondering if any part of that was for malting?—A. No, sir; it is all feed.

By Mr. Hatfield:

Q. Has there been an increase in the use of barley for malting purposes?—A. Yes, the malting capacity has increased.

Q. By what percentage?—A. In the last three years, very substantially, I think almost double.

By Mr. Burton:

Q. In connection with that, may I inquire as to the premium from time to time charged by the board to the maltsters; just how does that work? Apparently, at least it seems to me that by the regulations covering that we are really giving the maltsters their malting barley at a discount because they would be willing to pay considerably more for the malting barley, but for some reason or other they are told they can have it for a very small premium. I believe you could get considerably more from the maltsters.—A. That is not the wheat board. We do not handle barley. Barley is sold to the maltsters by the elevator companies at a five cent premium plus 1½ cents diversion charge. I understand the premium is fixed by the W.P.T.B.

Mr. WRIGHT: I realize that your board haven't got any say in that, they are simply the agent; and I think the capacity you have just stated is quite right. We are selling our barley to the maltsters in this country at a ridiculously low price. The maltsters in the United States pay from 30 cents to I believe as high as 70 cents a bushel premium for barley for malting purposes, and the same thing applies in Great Britain, while we are selling on our premium in Canada of 5 cents. Of course, that is a matter of government policy and I agree has nothing to do with the board. I think it is a wrong policy if we want more barley raised in this country. It is not going to make any difference with regard to the amount that goes into malting, the maltsters have all the malting barley they want; and they got it every year during the war whether we wanted extra feed or not, maltsters got their requirement every year. Statistics will prove that. I think that we would get a marked increase in the production of barley in western Canada which would be available for feed in eastern Canada if we had a larger premium. In our part of the country we are peculiarly suited to the production of malting barley, and the more we raise the more will be available for feed purposes. We would get a greatly increased production if we had a malting premium of say, from 20 to 30 cents a bushel, but I do not think we are going to get any increase in the production of barley in Canada until our malting premium is increased.

Mr. HARRIS: What would be the excuse for that?

Mr. WRIGHT: I asked the Minister of Agriculture that one day and he stated that malt apparently enters into a lot of other things other than beer and that an increased premium would be an increased price for malt for these other purposes and probably increase the price of those products. That seems to me to be rather a small excuse. I do not think there are so many other products which malt enters into that it would change our price structure in Canada very much at the present time seeing that all the prices are being released from controls. But I just want to make that statement because I think that if we do not get an increase for it we are not going to maintain our production, to say nothing about increasing it; and if we are going to maintain and increase our livestock production we have got to do something with regard to increasing our production of barley. I do not know of any way it can

be done to better advantage than by changing this present premium on malting barley.

Mr. SINNOTT: Mr. Chairman, I had considerable to do with this particular matter of the program with respect to barley. It came up in regard to a Mr. MacLeod at Dore Lake. When the government took over the barley it was held at the elevators and the delay with the elevator company was that the grain, particularly barley, was held up. I took it up with Mr. Gardiner himself and he told me that whatever arrangement the man has with the milling company would be paid over and above the price regulated by the W.P.T.B.; and I would suggest, having regard to what the hon. member for Humboldt has said, that this committee recommend that a premium of 20 cents a bushel, not less than 20 cents a bushel, be paid for malting barley. Malting barley is a thing which is very hard to grow. You have to cut it at the right time, you have to thresh it at the right time; you have to leave so much on it to get a good malting price. I would strongly recommend that a good premium be put on malting barley.

The CHAIRMAN: Has anyone else anything to ask about page 18?

By Mr. Wright:

Q. If you are through with that part of the discussion I want to discuss again the movement of wheat to seaboard. Mr. McIvor told us yesterday that the method used was for the exporters to put up bonds for the movement of this grain and then having secured transportation facilities they moved the wheat into position at the eastern seaboard. The inquiry I want to make was to ask Mr. McIvor if this has proven entirely satisfactory. Are the exporters going after the necessary tonnage on the lakes to get this grain moved into position on the eastern seaboard before the close of navigation? I have had some intimation there were times when probably a greater movement could have been secured earlier in the season. I should like Mr. McIvor to comment on that as to the satisfaction of the present arrangement, whether all available space in eastern Canada is filled before the close of navigation either with wheat or coarse grain. It is very important to get as much as possible of this western crop moved in the open season because it costs a lot more to move it by rail.—

A. That is a very important question. I should like to review our situation last fall. I will say that I think we got all of the grain boats that were available for the loading of grain that could be obtained. We not only got Canadian boats but we supplemented the Canadian boats by obtaining American boats.

Q. Do we not always use a certain amount of American boats?—A. Not always. We use American boats nearly always for Buffalo, but using American boats for the movement from Fort William, Port Arthur to the Bay requires the waiving of the coasting laws. We got that permission from the government and stepped in and got American boats.

Our difficulty last fall was that we had to compete with ore and with coal. There was a coal strike in the United States and the movement of coal was delayed. Due to the delay in the movement of coal ore was delayed. Instead of having those two commodities moved early in the summer before the wheat and the grain movement came along we were competing with the movement of ore and coal in the fall of the year.

In addition to that I think I might say we got every bushel of wheat forward that could be got forward before the close of navigation because the stocks at Fort William and Port Arthur at the close of navigation were negligible. So that I think it can be said we got everything that the railways could move to the lakehead forward to the seaboard.

There has been some discussion about the delay with the boats on the St. Lawrence river last fall. I should like to review those events for this com-

mittee. In the month of July we had an inquiry from the United Kingdom as to how much wheat we could move in September. Remember the crop had not even been harvested, but they had to have this information in order to assign their boats into the St. Lawrence river, in order to make arrangements to have the boats come in. We cabled them a tentative figure. We told them in that cable it was a purely tentative figure, that the crop had not been harvested, that we did not know what we could do but we would try to assist and give them some figure for their guidance. The crop was delayed, as you know, in the harvesting.

In addition to that they had chartered some boats from United States owners and also had assigned some of their own boats for loading at United States ports. There was a maritime strike or dock strike in the United States. When that strike came along they withdrew a lot of those boats, the bulk of them, and threw them into the St. Lawrence river. The boats were all put in there early in the navigation period instead of being strung out as they ordinarily are.

On top of that the pipe lines were completely empty because we had made a final effort to get as much wheat forward as we could in August before the new crop came on. We did load those boats just as fast as they could be loaded in the St. Lawrence river. There was some demurrage paid by the United Kingdom government. They have not complained about it, so I assume they feel it was not our fault in any way. That is the reason that the delay took place in the St. Lawrence river. Later on we did move every bushel of wheat forward that could be got forward. There was not any wheat left in Fort William for the lack of lake boats. I think we were down to 7,000,000 bushels in all the elevators, just remnants here and there. The timing, of course, was the thing that upset us. We would have liked to have had that wheat down earlier, but I have explained the reason for that situation we were confronted with at that time.

Q. Can you give us any intimation as to what the situation is likely to be this fall in regard to that?—A. I do not think our problem this fall will be lake tonnage. I think we will be able to get lake tonnage to the extent we can get wheat forward to the lakehead. That is the way it looks at this early date.

The CHAIRMAN: Are you satisfied with page 20?

Carried.

Page 21.

Mr. BURTON: In connection with the last paragraph on page 21 having to do with Churchill there were no shipments out of Churchill in 1945 and 1946, as is pointed out here. Then it gives the amount of wheat in storage there. While I fully realize and agree with the policy which had to be followed recently in getting every bushel to Great Britain and Europe as rapidly as possible yet we are looking forward to the time when we will get out of these abnormal times. May I have the opportunity to suggest to Mr. McIvor and the members of the board that in future they co-operate as much as possible to have a sufficient volume of wheat go through the port of Churchill.

By Mr. Douglas:

Q. Some of our farm organizations in the province of Prince Edward Island would like to know if feed wheat and coarse grains could be shipped out of the port of Churchill especially to Charlottetown, Prince Edward Island, or to the Maritimes. I would like to have your views on that. Are there any facilities there for storing coarse grains?—A. Yes, there is an elevator there of about 2½ million bushel capacity which could be used for either coarse grains or feed wheat. I think one of the difficulties would be to get tonnage at this time to transport it from Churchill to Prince Edward Island. I should like to comment

on the Churchill situation. Last year these 1,877,737 bushels were shipped after the end of the crop year but before the close of Churchill navigation. In addition to that there were another million bushels shipped out on top of this. That was new crop. I know there has been considerable credit taken by various people for having achieved that million bushels, and I would not like to detract from their ability in that connection, but I should like to say that I think the Wheat Board took quite a risk on that in order to get that million bushels out. We did not know at the time we told the United Kingdom government to send in their boats that we were sure of getting that million bushels. Harvest weather was bad, but we did manage to get it up and out before the close of navigation.

Mr. BURTON: If you will allow me to interrupt, I am quite certain that all those interested are quite willing to compliment the Wheat Board and its officials and give them all the credit due, but what we ask is in future years you keep Churchill in mind.

The WITNESS: What I was about to say is that we are planning now on putting 2½ million bushels of wheat in the Churchill movement. That is under way now. We will have to see when we get through with that what we can do with regard to the balance.

Mr. TOWNLEY-SMITH: I wish to make a few remarks with regard to this matter of quotas, particularly those on oats. At the top of page 21 it reads:—

In order to assist in meeting the demand for feed grains, the board extend the "open" delivery quota on oats and barley in effect on July 31, 1945, to August 31, 1945. On August 30, the board announced an "open" delivery quota on barley for the balance of 1945-46. At the same time the "open" delivery quota on oats was extended to September 14, 1945. On September 13 the board announced that the initial 1945-46 delivery quota on oats would become effective on September 17 and would be established at 5 bushels per seeded acre.

Then a little further down it reads:

On December 27, 1945, a 10 bushel delivery quota became effective in respect to oats.

That is right at the end of the year. I do not suppose the board can take very much notice of weather conditions and things of that kind. They have to consider the position of freight cars and storage room in elevators, but 5 bushels per acre for oats is a rather ridiculous quota because oats in some districts have grown to 70 and 80 bushels per acre. When you can only deliver 5 it is not very much. This actually comes from my own experience and what I would like to suggest is that the board keep a very sharp lookout on the elevator capacities in those districts which grow oats as a special line. In my own case I had 7,000 bushels of oats out on the ground, and the quota system was such I could not make delivery. It opened up during the winter but you could not get in during the winter. Then after the roads became good we were busy seeding. The oats I had lying on the ground were not delivered until June although there was a big shortage of oats and a grave danger of the oats spoiling because they were uncovered and simply in heaps. Therefore my suggestion is that the board watch the situation very carefully in the oat growing districts and help as quickly as they possibly can to get them under cover and into the elevators.

The WITNESS: We will be very glad to take the suggestion under review.

By Mr. Sinnott:

Q. In regard to wheat last fall several elevator men approached me and said they had lots of room but they did not have authority from the board. Where elevators are in a position to take more than the quota set by the board would it not be best for everybody concerned to have an additional quota in that certain area?—A. Yes, by all means. I am wondering, however, if that did not refer perhaps to barley and oats.

Q. No, it applied to everything.—A. Well, the quota should have been raised at once.

Q. The elevator men would apply to whom?—A. We keep a running check on every elevator.

Q. They would apply to you?—A. Yes.

Q. And that would be permitted immediately?—A. Right away. I have in mind the question of barley and oats. There was a period of time when in order to get wheat forward we had to shut off shipments of barley and oats. I did not quite express that properly. We had to shut off barley completely, but in the case of oats we allowed one oat car to be loaded for three of wheat. At that time some of the elevator companies did not want to take any oats or barley until they knew they could get cars. There was not any object in raising the quota in view of the situation at that time.

By Mr. Harkness:

Q. I should like to refer to the second paragraph on page 20. I understood from Mr. McIvor yesterday that all of the Crown for the 1945-46 crop year had been sold at \$1.55 a bushel. I see in this paragraph it says, "For the greater part of the crop year." I wonder if Mr. McIvor can tell us how much of that crop was sold at a price greater than \$1.55 per bushel, and what the price was that was received for it?—A. I think you are perfectly right. I think I was mistaken in my reply yesterday. September 19th was the date the \$1.55 became effective.

Q. And it ended on July— —A. July 31, 1946, but the actual price from the 1st of August to September 19th was \$1.55 before the \$1.55 ceiling went in. It went in at the time the \$1.55 price existed.

Q. How much grain was sold at a price other than \$1.55 and what price was received for it?—A. I do not know that I can get you sales figures for that exact period, but the world price for Canadian wheat during that period was \$1.55 from August 1st to September 19th and the domestic price would be the only variation in the price at which wheat was sold, and that would be \$1.25 for domestic purposes.

Q. I would take it, however, that as at July 31, 1946, you still had a considerable amount of this crop which you sold at a higher price. That was really what I had in mind.—A. We will try to get that information. I have not got an exact breakdown of the bushels here. We will try to get it for the next meeting.

Q. The point I have in mind is that any higher price you got for wheat which was on hand at that time would mean an increase in the participation certificates.—A. It would not be a higher price. The world price on Canadian wheat at that time was \$1.55 during that period.

By Mr. Wright:

Q. I think this involves a question I asked yesterday, does it not? I do not know whether you are going to put the answer to it on the record, but I wanted to ask a question with regard to transportation. It says here:—

The facilities of the Emergency Grain Transportation Committee were used throughout the crop year 1945-46 in co-ordinating transportation in Canada with transportation problems as they developed.

Who are the members of the Transportation committee?—A. The Emergency Grain Transportation Committee was organized three years ago by Mr. T. C. Lockwood, then Transport Controller. There was one member from each of the railroads, the general superintendents of transportation from Montreal. There was the chairman of the Canadian Shipping Board. There was Dr. Wilson of the Department of Trade and Commerce, Mr. Shaw of the Agricultural Supplies Board, and the members of the Wheat Board.

Mr. BURTON: Reverting back to the previous question asked by the other member and the statement made by Mr. McIvor reference is made right at the top of page 20 to the fact that during the greater part of that crop year we sold to Great Britain in the export market at \$1.55 a bushel while we sold for domestic purposes at a price of \$1.25 a bushel. We all know that has been done away with, but during that period of time the farmers who were producing wheat bonused or subsidized, or whatever else you want to call it, the consumers of bread in Canada to the extent of 30 cents a bushel. I wish to express my appreciation to the government for having done away with that discrimination which was in existence during that period of time if they are entitled to any appreciation for having removed something that should not have been there in the first place.

The CHAIRMAN: Any other questions on page 21?

Carried.

Page 22?

Carried.

Page 23.

The WITNESS: Mr. Chairman, there we come to the consolidated balance sheet. As I explained yesterday I regret very much that our comptroller is not able to be with us. He is still a very dangerously ill man in the hospital. I have asked Mr. McVey and Mr. Earle if they would deal with this section of the report. They are our auditors. It is the best we can do under the circumstances. They have had access to all of Mr. Findlay's papers but naturally they may not be able to interpret them properly. We will do the best we can for the committee.

By Mr. Wright:

Q. Before we start dealing with the financial statement I wonder if Mr. McIvor could give the figures I asked for yesterday.—A. I can do that. I have here the wheat milled for consumption in Canada from 1938-39 to the end of 1946-47 estimated. I think that was one of your questions. The other is the United States wheat prices, 1945-46.

(Statement filed as *Exhibit "A"* to this report)

Q. And the sales of Canadian wheat.—A. Have you that information, Mr. Davidson?

Mr. DAVIDSON: That is being prepared at the present time and should be ready this afternoon. There is one qualification on these tables. In setting down the United States prices for 1945-46 they had price ceilings across the line at that time. How far their situation was affected by their ceilings is hard to say. There were several adjustments through the year. During that particular year we were the principal shippers of wheat and their price situation would be less important. Later on when shipments increased the Americans became the principal exporters and their prices became more significant.

Mr. WRIGHT: I think what has just been stated is very important. It proves to my mind, at least, that there is no such thing as a world price for wheat. There was no such thing as a world price for wheat, as we understood it in the days before the war when there was a completely open market, during the last four years.

Mr. DAVIDSON: I was directing my remarks specifically to the crop year 1945-46. That was where you had the largest impact of price ceiling policies in the United States on grain prices. The rest of the prices we are filing are the board's daily class 2 prices since September, 1943, up until June 28.

Mr. BENTLEY: The prices in the United States are a basis for the other prices the board charges for class 2 wheat?

Mr. DAVIDSON: Not necessarily; that brings up the other question.

The WITNESS: That is a very important question. I should like to give a little study to it and should like to give a prepared statement to the committee on how we arrived at those prices. I could give it in general now, but it might be misunderstood and I would rather give a carefully prepared statement.

Mr. WRIGHT: Any time you are prepared to give that will be satisfactory.

The WITNESS: Before the auditors deal with their financial reports there, is one other statement that I should like to file with the committee as a result of statements that have been made in the House respecting the operations of the board. There was a statement reported in our press in Winnipeg that the board had lost over the period of its operations \$200,000,000. This is a statement that I should like to file.

By Mr. Ross:

Q. What was that with respect to? Was that under the contract or as compared to open prices?—A. It was referred to as a statement made by Mr. Smith in the House of Commons, Mr. A. L. Smith of Calgary. I should like also—we are having it prepared now—to file with the committee a statement of the carrying charges paid by the board over the years, and which were not referred to in Mr. Smith's statement.

Q. You are going to read that reply?—A. Yes. Further I should like to file with the committee before we adjourn—it is being prepared now—the actual operating cost per bushel on producers' wheat over the years.

By Mr. Bentley:

Q. Year by year?—A. Yes. This is the statement I should like to make. There are two distinct phases of Wheat Board operations.

These are:

- I. The receiving and disposing of producers' wheat;
- II. Special operations conducted on behalf of the dominion government.
- I. The receiving and disposing of producers' wheat.

The following table shows the results of board operations in respect to producers' wheat:

<i>Crop Year</i>	<i>Deficit</i>	<i>Surplus</i>
1935-36	\$ 11,858,104 18	\$
1936-37	49,574 88	.....
1937-38 .. . . .	.....	.....
1938-39	61,525,691 19	.....
1939-40	8,413,294 77	.....
1940-41 .. . . .	.....	26,081,800 16
1941-42 .. . . .	.....	15,305,476 69
1942-43 .. . . .	.....	19,692,770 12
1943-44 .. . . .	.....	36,423,876 18
1944-45 .. . . .	.....	65,151,436 73
1945-50 .. . . .	.....	39,522,861 29
	<hr/>	<hr/>
	\$ 81,846,665 02	\$ 202,178,221 17

With reference to the 1937-38 crop year I might say that the board did not operate except as a procurer of seed for distribution in western Canada. With reference to the 1938-39 crop year I might explain to the committee that

the board's opinion, which we so expressed to the government, on what wheat could be sold at over the course of the year in the world market, was 60 cents a bushel. The government decided in their judgment that due to the short crop in 1937-38 80 cents per bushel would be paid to the producers, which I might say the board fully concurred in. Our feeling was we were undoubtedly going to end up the year with a big loss which might be referred to at some time by someone as being a loss in operations, but we certainly felt as far as we were concerned the highest price that could be paid to the producer was what was needed in that year. As to the 1945-50 estimated surplus I might ask Mr. Davidson as of what date that surplus is estimated?

Mr. DAVIDSON: July 31, 1946.

The WITNESS: That last figure as to the estimated surplus is the estimate against the five-year pool. The total deficits were \$81,846,665.02 which includes the \$61,000,000 odd I referred to earlier. The total credits were \$202,178,221.17. I should like to deal with the special operations conducted on behalf of the dominion government.

II. Special operations conducted on behalf of the Dominion Government.

During and since the war, the board has carried out special operations on behalf of the dominion government. In the main, these operations were part of price control policy in Canada and/or related to government policies such as Mutual Aid. Some of these operations were set up as deficit operations with the dominion government responsible for deficits as they occurred.

Probably the most important of these special operations carried out by the Canadian Wheat Board was the administration of the Crown wheat account. In this case the Canadian Wheat Board, on behalf of the dominion government, acquired a total of 452.6 million bushels of wheat and disposed of this wheat on the basis of instructions from the dominion government. From the outset the dominion government was prepared to accept a very large obligation in respect to carrying charges and administrative costs on Crown wheat. For example, the original stock of Crown wheat—about 300 million bushels—was acquired at \$1.23 $\frac{1}{4}$ per bushel, basis One Northern in store Fort William/Port Arthur or Vancouver, and was invoiced out over a period of about 16 months at \$1.25 per bushel for One Northern wheat in store Fort William/Port Arthur or Vancouver. The great bulk of carrying charges and administration costs therefore devolved on the dominion government. As at July 31, 1946, the accumulated deficit on the Crown account stood at \$30,918,859.88.

The flaxseed operation was tied in very closely with price control in Canada. Since 1942 the board has been purchasing flaxseed from producers at advancing price levels and up until July 31, 1946, was instructed by the dominion government to sell flaxseed for domestic purposes at the ceiling price of \$1.64 per bushel. The board was further instructed to only sell flaxseed for export if domestic requirements had been fully met. In only one year was the volume of flaxseed delivered to the board sufficient to provide a substantial quantity for export and thereby offset the very substantial loss which the board was taking in respect to domestic sales at the ceiling price. The board's operations in respect to other oil seeds were set up as deficit operations. The dominion government desired to provide these oil seeds to processors at cost and carrying charges and administrative costs and transporting costs to crushing plants were assumed by the dominion government.

The oats and barley equalization funds were a very important part of price control policy in Canada. Since 1943-44 the dominion government undertook certain guarantees in respect to these funds and the financial result of the equalization funds largely depended upon the quantity of oats and barley which could be exported at the then prevailing export price. In this case it was government policy that the domestic market should be adequately supplied before exports were allowed. In 1945-46, for example, exports of barley were prohibited apart from some outstanding export permits as at July 31, 1945, and consequently the barley equalization fund for that crop year was a deficit operation, the final deficit amounting to slightly over 14 million dollars. The feed situation in Canada in 1945-46 was such that practically all the western barley crop was required for feed or other purposes in Canada.

The details of all special operations undertaken by the board will be available to the committee.

I have them here, but I do not intend to burden the committee by reading them. I should like to file them so they will be available in the *Hansard*.

The CHAIRMAN: Is that agreeable?

Carried.

CROWN WHEAT

	<i>Deficit</i>	<i>Surplus</i>
As at July 31, 1946	\$ 30,918,859 88	.....

FLAX—Including P.C. 1800

	<i>Deficit</i>	<i>Surplus</i>
1941-42)		
1942-43)	771,396 95	.....
1943-44 . . . . .	.....	1,726,958 29
1944-45	4,098,108 66	.....
1945-46	2,510,417 07	.....

OIL SEEDS—Rapeseed and Sunflower

	<i>Deficit</i>	<i>Surplus</i>
1943-44	100,001 68	.....
1944-45	112,850 00	.....
1945-46	62,898 86	.....

SOYBEANS

	<i>Deficit</i>	<i>Surplus</i>
1942-43	7,076 57	.....
1943-44	149 71	.....

OATS EQUALIZATION FUND

	<i>Deficit</i>	<i>Surplus</i>
1942-43 . . . . .	.....	1,118,269 96
1943-44 . . . . .	.....	8,867,004 74
1944-45	1,466,272 47	.....
1945-46	153,708 89	.....

BARLEY EQUALIZATION FUND

	<i>Deficit</i>	<i>Surplus</i>
1942-43 . . . . .	.....	452,481 01
1943-44	2,118,996 79	.....
1944-45 . . . . .	.....	6,106,932 94
1945-46	14,013,020 28	.....

*Stabilization profits on Oats and Barley in 1942-43 amounted to \$ 343,969.10

P.C. 1803

(Adjusting Wheat Price from 70 cents to 90 cents)

	<i>Deficit</i>	<i>Surplus</i>
P.C. 1803	2,280,689 96

stand these are administration costs, of course. The total number of bushels handled was 389,740,000. That works out to .16954, which is roughly 1/6th. On the 1940 crop total administration was \$806,871.94, and the number of bushels was 421,919,000, the average administration cost being .19124, which is under 1/5th. On the 1941 crop the costs were \$326,063.02. This was a relatively small handling, 99,540,000. The cost then was .32757. As you can understand when handling that crop a drop to 99 million from 421,000,000 the year before means that you cannot cut your administration in relation to that decline in volume. However, even at that the rate is roughly 1/3 of a cent. On the 1942 crop the total cost was \$467,937.05. Based on 167,505,000 bushels it works out at .27936, a little better than 1/4th of a cent. On the 1943 crop the total cost was \$637,004.32. Based on 293,375,000 bushels the cost works out at .21713, a little over 1/5th of a cent. On the 1944 crop the total cost was \$705,014.39. Based on 354,616,000 bushels it works out at .19881 cents, just under 1/5th. On the 1945-46 crop the cost there to the end of July, 1946, is \$509,527 and the number of bushels is 237,704,000. The cost to that point is .21435, a little over 1/5th. There was still unsold 23,700,000 bushels at the end of July, 1946. These are all producer crops for that period. In connection with the Crown account—

Mr. BURTON: Before you go into the Crown account may I ask if those are the only costs assessed to the producers before participation payments are made?—A. They are purely administrative and overhead expenses; no storage or carrying charges or interest or any of that sort of thing included.

Mr. BENTLEY: They do not include the amount estimated and set aside for the paying of the participation certificates?

Mr. McVEY: No.

Mr. QUELCH: Had we not better leave the rest of this till the next meeting?

The CHAIRMAN: If he is almost finished I wanted to make a little statement. Are you pretty nearly through?

Mr. McVEY: On that part, yes, sir.

Mr. ROSS: It is nearly 1 o'clock.

The CHAIRMAN: I want to get this straight. There are no other questions you have with respect to this?

Mr. TOWNLEY-SMITH: Does that refer entirely to wheat?

The WITNESS: Yes.

The CHAIRMAN: There is nothing else you have in your minds on that? Now, everything that is contained from page 22 to page 33 deals with the consolidated balance sheet and part of the auditor's report. I was wondering if we could take that as read and go on to page 34 and take up those exhibits one by one. Would that be satisfactory? Then we could start with exhibit 1 on page 34. Are you gentlemen agreeable to that? You understand what I mean?

Mr. ROSS: I understand, but I do not think we should be too binding on this.

The CHAIRMAN: I will not hold you down too much.

Mr. ROSS: It will be satisfactory if we can ask questions about the statement he has given when we come back. I think that is only fair to the members.

The CHAIRMAN: I was trying to get you down to exhibit 1. I should like us to meet this afternoon at 4 o'clock. If you want to look over it and ask any questions you will be permitted to do so. I will not hold you down too tightly.

Mr. McVEY: I am sorry to interrupt, but the question was asked whether these costs I have just given include payment costs. They do not. They are the costs assessed up to the point of payment and the payment cost is recorded separately after that.

Mr. BENTLEY: Then in that connection possibly on the basis of experience in the years when you have made payments you could give us some estimate of the additional cost per bushel when everything has been finished and the participation certificates paid out.

Mr. McVEY: That would take some time.

The CHAIRMAN: Are you all agreeable to that? We will start with exhibit 1 this afternoon and we will meet in room 429 at 4 o'clock.

OPERATING AND FINANCIAL SUMMARY

Appended hereto will be found the report and exhibits submitted by the board's auditors, Messrs. Millar, Macdonald & Co., for the 1945-46 crop year, together with an index for ready reference.

During the period under review the board continued its operations with regard to wheat and its other activities, all of which are explained in detail in the appended report. A review of these statements gives a most comprehensive picture of the extent of the board's operations during the year. The commissioners again desire to record their appreciation to the members of the staff for their loyalty and the manner in which they have handled the numerous problems as they arose, and also for the co-operation and assistance rendered by the auditors.

In reviewing the statements appended hereto, each one clearly shows whether the operations have been completed, and, if not, the unsold position as at the date of the balance sheet.

1945 CROP

Deliveries by producers to agents of the board, by province and classification were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba ..	23,854,304 20		1,201,857 00	8,637 30	30,064,798 50
Saskatchewan	136,492,821 35	423,777 55	2,827,074 15	107,943 55	139,851,617 40
Alberta ...	60,100,641 40	3,421,877 05	92,893 10	1,906,577 25	65,521,989 20
	225,447,767 35	3,845,655 00	4,121,824 25	2,023,158 50	235,438,405 50

Deliveries, as reported by the board's agents monthly, are shown elsewhere in this report.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of the board is submitted in exhibit I. Exhibit II shows the component items making up each of the assets and liabilities. Details of the figures contained in this exhibit under the heading of "Totals for Coarse Grains, Seeds, etc." are shown in exhibit III.

EXHIBIT I

DOMINION OF CANADA 3 PER CENT BONDS AT COST

The following summary shows the par value and cost of the purchases made in each of the various issues acquired over the period from December 28, 1945, to May 16, 1946:

	Par Value	Cost
1957	\$14,000,000 00	\$14,395,000 00
1959	12,000,000 00	12,331,875 00
1960	13,500,000 00	13,864,250 00
1962	13,000,000 00	13,622,500 00
1963	10,500,000 00	11,006,750 00
1966	12,000,000 00	12,395,500 00
	\$75,000,000 00	\$77,615,875 00

STOCKS OF CASH GRAIN

Wheat Stocks

Included under this heading are Board wheat stocks in country and terminal elevators or in transit, totalling 23,718,776-43 bushels, 4,177,188-18 bushels of wheat represent wheat sold provisionally to the Board's Agents. The valuation of these wheat stocks is reflected in the Balance Sheet.

Loading Charges

These charges are recoverable from sales of wheat in seaboard positions when the sales are consummated. Corresponding charges which will be payable by the Board form the bulk of the liability shown under the heading of "Accrued Expenses Payable".

Flax Stocks

These stocks were also being carried in country and terminal elevators, in crushing plants or in transit. They were valued basis Board fixed prices as at August 1, 1946, in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at ceiling prices.

ACCOUNTS RECEIVABLE

Dominion Government

This amount represents expenditures which are not a charge against the producers.

Sundry Accounts

The large total shown against this item is represented almost wholly by moneys due to the Board from its Agents, settlement for which was received subsequent to the date of the Balance Sheet.

Memberships

All memberships carried are necessary for the conduct and operation of the Board and comprise three memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association Limited (commonly termed the "Clearing House"), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost less dividends received.

DUE FROM THE DOMINION GOVERNMENT

This item is composed of the deficit in Crown Wheat Account of \$30,918,859.88, together with the deficit in respect of flaxseed, oats and barley and seeds account amounting to \$20,846,059.06, as detailed in Exhibit VIII.

LIABILITY TO AGENTS

At the time grain is delivered by producers to the country elevators of the companies who act as Agents of the Board, the producers receive payment on the basis of the initial prices, and the liability continues to be carried by the companies until such time as the grain is unloaded in a deliverable position.

AMOUNTS DUE TO PRODUCERS

The amounts due in respect of the various payments are shown separately. It is of interest to note that at May 31, 1947, the 1940 wheat payment was 99.124 per cent completed; the 1941 and 1942 crop payment, 99.042 per cent and the 1943 crop payment, 88.266 per cent.

DRAWBACK ACCOUNT

This amount is carried for the purpose of paying drawback claims to millers and other processors of wheat for human consumption in Canada. An estimate is prepared annually of the amount required for this purpose, covering the fiscal year of the Dominion Government which ends March 31st. On the basis of this estimate appropriations are authorized by the Government from time to time upon which the Board draws as required. Full details of the operation of Drawback Account are furnished annually to the Treasury Department.

ACCOUNTS PAYABLE

This amount almost wholly comprises oats and barley advance equalization payments made by the handling companies but not settled for until after the date of the Balance Sheet, plus an amount due to the Board of Grain Commissioners for Canada in respect of the P.F.A.A. levy on the 1943 final wheat payment.

STATEMENT OF OPERATIONS

The various Exhibits dealing with the operations of the Board are largely self-explanatory and require little comment.

CARRYING CHARGES AND OTHER COSTS

Carrying charges on wheat and flaxseed in country elevators represent storage and interest charges paid and payable to the Agents of the Board up to the date of the Balance Sheet. These charges continue until such time as the grain reaches a deliverable position, when it is taken over and paid for by the Board.

STORAGE ON WHEAT STORED IN TERMINAL ELEVATORS AND MILLS

This item covers storage paid and accrued on wheat carried at the lakehead, Pacific Coast, eastern and interior terminals and mills.

EXHIBIT VII

This exhibit shows the final wheat payments made and also the various equalization payments, with the balances payable to producers as at the date of the Balance Sheet.

EXHIBIT XIX

The appropriations received from the Receiver General of Canada are shown in this Exhibit, together with claims paid, recoveries made from purchasers other than producers, and refunds of excess profits received from the Commodity Prices Stabilization Corporation Limited.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner.

W. C. McNAMARA,
Assistant Chief Commissioner.

F. ARNOLD,
Commissioner.

THE CANADIAN WHEAT BOARD
AUDITORS' REPORT AND FINANCIAL STATEMENTS
31st July 1946

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MILLAR MACDONALD & CO.

CHARTERED ACCOUNTANTS

26th May, 1947

To the Commissioners,
The Canadian Wheat Board,
Winnipeg, Manitoba.

Gentlemen:—

We have conducted an audit of the books and accounts of The Canadian Wheat Board for the fiscal year ended 31st July 1946 and now submit for your information the attached financial statements comprising a Consolidated Balance Sheet (Exhibit I.) which sets forth the financial position of the Wheat Board as at the foregoing date, together with other statements showing the results of operations to the close of the fiscal period, all as tabulated in the Index preceding this report.

Summary of Operations for the Fiscal Year

The following operations of the Board which were in process at 31st July 1945 were continued in the 1945-46 fiscal year:

1. The marketing of wheat delivered by producers to the Board in the Western Division in the crop year 1944-45.
2. The administration of Order-in-Council P.C. 1116 of 20th February 1945 as follows:
 - (a) The marketing of wheat transferred from the 1944 Crop Account to the account of His Majesty at a price of \$1.43 per bushel basis One Northern in store Fort William/Port Arthur or Vancouver. In terms of Order-in-Council P.C. 1956 of 23rd March 1945, wheat so transferred to His Majesty was made available to fill Mutual Aid requirements at a price of \$1.46 per bushel basis One Northern in store Fort William/Port Arthur or Vancouver.

In terms of Order-in-Council P.C. 1116 the Board was authorized to transfer 100,000,000-00 bushels from the 1943 and 1944 Crop Accounts to the account of His Majesty, but upon completion of the final accounting the total requirement was ascertained to be 93,966,451-57 bushels.

- (b) The marketing of wheat necessary to fill Domestic requirements for the period from 1st August 1945 to 31st July 1946, at a price of \$1.25 bushel basis One Northern in store Fort William/Port Arthur or Vancouver. Under the Order, all of this wheat was drawn from the 1944 Crop Account at the above price basis, and the Board was reimbursed for carrying charges thereon computed at the average per bushel rate for the 1944 Crop Account.

Under the authority of Order-in-Council P.C. 4869 of 26th November 1946, the Board was authorized to transfer the sum of \$12,000,000.00 from the 1945 Crop Account to the 1944 Crop Account, so "that the provision of wheat for domestic purposes be more equitably divided between the 1944 and 1945 Crop Account". The effective date of this transfer is 26th November 1946 but the transaction has been reflected in the attached financial statement as at 31st July 1946.

3. The control and marketing of flaxseed on hand at 31st July 1945 as authorized by Order-in-Council P.C. 1350 of 6th March 1944.
4. The control and marketing of sunflower seed on hand at 31st July 1945, as authorized by Orders-in-Council P.C. 4131 of 1st June 1944 and P.C. 2894 of 9th April 1943.

In addition to the foregoing, the following new operations were undertaken during the period under review:

1. The marketing of wheat delivered by producers to the Board in the Western Division in the crop year 1945-46.
2. Under Order-in-Council P.C. 2550 of 12th April, 1945, the Board was empowered as follows:

(a) To purchase oats and barley futures and cash oats and barley, and to collect equalization fees on oats and barley exported from Canada, the proceeds of these fees to be placed in the Oats Equalization Fund and the Barley Equalization Fund. The Dominion Government guaranteed the Oats Equalization Fund to the extent of 10 cents per bushel and the Barley Equalization fund to the extent of 15 cents per bushel. By Order-in-Council P.C. 6238 of 25th September, 1945 the Dominion Government increased the guarantee on the Barley Equalization Fund to 20 cents per bushel effective 1st August 1945. The Government further provided that the foregoing guaranteed amounts were to be payable to producers on delivery of oats and barley, in the form of advance equalization payments.

(b) To control the marketing of flaxseed delivered by producers to the Board during the 1945-46 crop season.

3. The Board was authorized by Order-in-Council P.C. 859 of 9th February 1945 to control the marketing of rapeseed and sunflower seed delivered by producers to the Board during the 1945-46 crop season.
4. Under the terms of Order-in-Council P.C. 4646 of 5th July 1945, the Board was empowered to collect equalization fees on Ontario wheat or wheat products exported from Canada during the period from 1st July 1945 to 30th June 1946. The proceeds of these fees were placed in the Ontario Wheat Equalization Fund for later equitable distribution to producers who lawfully delivered and sold Ontario wheat to a dealer during the period indicated.

5. Under Order-in-Council P.C. 4645 of 5th July 1945, the Board was authorized to accept wheat from producers in Ontario, delivered in the 1945-46 crop season, at \$1.25 per bushel basis Montreal.

The market price for Ontario wheat remained above this figure throughout the period indicated, hence no deliveries of Ontario wheat were received by the Board.

6. The Board was charged with the administration of Order-in-Council P.C. 5768 of 28th August 1945, which authorized payments to flour millers in respect of flour or other human foods containing western wheat used in Canada, computed as follows:

(a) The bushels of western wheat used in production of flour or other human foods, multiplied by,

(b) A rate per bushel being the excess of the monthly average price determined by The Canadian Wheat Board over the price of 77½c. per bushel determined by the Wartime Prices and Trade Board.

STATEMENTS OF OPERATIONS

Crown Wheat Account—P.C. 7492 and 1116

The operations on Crown Wheat Account authorized by Orders-in-Council P.C. 7942 of 12th October, 1943, and P.C. 1116 of 20th February, 1945, result in a deficit of \$30,918,859.88 for the period from 28th September, 1943 to 31st July, 1946 as set forth in Exhibit IV. In respect of this deficit an amount of \$10,125,327.04 was funded by the Dominion Government on 30th April, 1945 which was the deficit shown on Crown Wheat Account to 31st July, 1944.

No provision for interest and other expenses has been made beyond the close of the fiscal year and the deficit shown should therefore not be viewed as the final amount for which the Board will be reimbursed from moneys appropriated by Parliament in accordance with the provisions of the previously mentioned Orders-in-Council.

*1945-49 Pool Account, Western Division—P.C. 3222**1944 Crop Account—Western Division*

The operations of the Board on these accounts to 31st July, 1946, resulted in a surplus of \$39,522,861.29 on 1945-49 Pool Account and \$65,151,436.73 on 1944 Crop Account as set forth in Exhibit V. and VI.

The surplus on 1945-49 Pool Account has been determined after valuing holdings of cash wheat at Board fixed prices basis \$1.55 per bushel for One Northern in store Fort William/Port Arthur or Vancouver, but without provision for carrying costs, interest, etc. beyond the close of the fiscal year.

Cash grain transactions on 1944 Crop Account were completed, as at 31st July, 1946. and subject to interest credits and minor adjustments subsequent to that date, the indicated surplus will be the approximate amount which will be available for distribution to producers on the outstanding participation certificates of the 1944 crop year.

During the 1945-46 fiscal year, overages, etc. at country elevators amounting to 2,219,453.00 bushels were purchased by the Board from its Agents and included in the 1944 Crop Account, basis \$1.25 per bushel for One Northern in store Fort William/Port Arthur or Vancouver. The surplus resulting from the marketing of the overages will, therefore, eventually be paid to producers in the final participation payment on the 1944 Crop Account.

There is no specific provision in the Act authorizing the purchase and sale of overages. This question has been reviewed by your solicitor, Mr. H. B. Monk, K.C., and he has expressed the opinion that the Board has the power to acquire the overages without additional authority.

Final Payments to Producers

1940 Crop Account—Western Division

1941 Crop Account—Western Division

1942 Crop Account—Western Division

1943 Crop Account—Western Division.

A summary of the amounts payable to producers on these accounts and the final payments completed to 31st July, 1946 is set forth in Exhibit XII. Details of the expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XX.

In respect of the 1943 Crop Account, the surplus payable to producers as set forth in Exhibit VII, is the accumulated surplus to 31st July, 1946 only. Additional interest on surplus funds to 30th November, 1946 was included in determining the final surplus distributable to producers on the outstanding participation certificates of the 1943 Crop Account, as set forth in our report dated 29th August, 1946.

Flax Division—P.C. 2550, 1350, 7325

The results of operations in connection with flaxseed acquired in terms of Order in Council P.C. 2550 of 12th April, 1945 and Order in Council P.C. 1350 of 6th March, 1944, are set forth in Exhibits IX. and X. respectively. Cash grain transactions in respect of flaxseed acquired in terms of Order in Council P.C. 7325 of 21st September, 1943, were completed as at 31st July, 1945, and resulted in a surplus of \$1,675,676.98 as at that date. Changes in this surplus to 31st July, 1946, are set forth in Exhibit XI. Under Order in Council P.C. 5795 of 30th August, 1945, exporters of linseed oil, other than The Canadian Wheat Board, who exported linseed oil during the year under review, were required to pay a benefit to the Board before export from Canada could be made. Benefit, in terms of the Order, is the amount by which the Board fixed price paid to producers for flaxseed, plus a carrying charge not to exceed 3 cents per bushel, exceeds the maximum price at which the Board sells flaxseed to domestic crushers and processors. The amounts payable under this Order are determined by the Wartime Prices and Trade Board, and amounts so received by the Board under this Order for the year ended 31st July, 1946, have been credited to the 1945 Crop Flax Account. The results of operations on the Flax Division (1945, 1944 and 1943 Crop Accounts) show a net deficit of \$4,881,567.44 to 31st July, 1946, after valuing flaxseed stocks on hand at Board fixed prices as at 1st August, 1946, basis

in store Fort William/Port Arthur or Montreal, less provisions for stocks to be sold to domestic crushers and processors at maximum prices—(P.C. 3222 and P.C. 3856), but without provision for carrying costs and expenses beyond 31st July, 1946.

After liquidation of flaxseed stocks on hand, the final deficit or surplus will accrue to the Consolidated Revenue Fund of the Dominion of Canada.

Oats and Barley Division—P.C. 2550, 6238, 5998, 8898, 4450

Under authority of Order in Council P.C. 2550 of 12th April, 1945, the Board continued to levy and collect equalization fees for the exportation of oats and barley during the 1945-46 crop season. The Board was also empowered to pay advance equalization payments of 10 cents per bushel on oats and 15 cents per bushel on barley, to producers who lawfully delivered and sold oats and barley during the 1945-46 crop season. By Order in Council P.C. 6238 of 25th September, 1945, the advance equalization payment on barley was increased to 20 cents per bushel, effective from 1st August, 1945.

Transactions on the 1945 Oats Equalization Fund and the 1945 Barley Equalization Fund resulted in deficits of \$153,708.89 and \$14,013,020.28 respectively as set forth in Exhibit XII. These deficits will be paid to the Board out of moneys appropriated by Parliament.

Cheques for the total amount of the final payment on the 1944 Barley Equalization Fund as set forth in Exhibit XIV, were issued by the Board on 6th June and 11th June, 1946. A summary of the amount payable to producers and the final payments completed to 31st July, 1946, is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XXI. The deficit on the 1944 Oats Equalization Fund as set forth in Exhibit XIII, will be paid to the Board out of moneys appropriated by Parliament.

A summary of the final payments to producers on the 1942 Oats Equalization Fund, the 1942 Barley Equalization Fund and the 1943 Oats Equalization Fund, and the payments completed to 31st July, 1946, is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XXI.

The deficit on the 1943 Barley Equalization Fund as set forth in Exhibit XV, is after crediting to the Fund the amount of \$2,063,257.35 which was received from the Dominion of Canada 30th April, 1945. The balance of \$55,739.44 will be paid to the Board out of moneys appropriated by Parliament.

Seeds Division—P.C. 859, 4131, 2894

The results of operations in connection with rapeseed and sunflower seed acquired in terms of Orders in Council P.C. 859 of 9th February, 1945, P.C. 4131 of 1st June, 1944 and P.C. 2894 of 9th April 1943, are set forth in Exhibits XVI, XVII, and XVIII, respectively, and show a net deficit on the Seeds Division of \$275,750.54 to 31st July, 1946. Cash grain transactions on the Seeds Division were completed as at 31st July, 1946, and this deficit together with interest beyond 31st July, 1946, will be paid to the Board from moneys appropriated under the War Appropriations Act. In respect of the deficit shown above an amount of \$90,589.38 was received from the Dominion Government on 30th April, 1945, which represented the deficit on the Seeds Division to 31st July, 1944.

Drawback Account—P.C. 5768, 7319, 6602, 7323, 9457, 3438

Under Orders in Council P.C. 5678 of 28th August, 1945, P.C. 7319 of 19th September, 1944, P.C. 7323 of 20th September, 1943, P.C. 6602 of 19th August, 1943 and P.C. 9457 of 16th October, 1942, the Board was charged with the administration of drawback payments to flour millers and processors in accordance with the terms of the above Orders. The results of these operations for the period from 1st August, 1942 to 31st July, 1946 are set forth in Exhibit XIX. The amounts shown as refunds of excess profits represent the recorded receipts from the Commodity Prices Stabilization Corporation Limited to 31st July, 1946. Order in Council P.C. 5768 of 28th August, 1945, also provided for the recovery of expenses incurred by the Board in administering these regulations.

1945 Ontario Wheat Equalization Fund—P.C. 4646

1944 Ontario Wheat Equalization Fund—P.C. 1638

Under Order in Council P.C. 4646 of 5th July, 1945 the Board was empowered to levy and collect equalization fees for the exportation of Ontario wheat or wheat products from Canada. Operations on the 1945 Ontario Wheat Equalization Fund resulted in a surplus of \$270,417.67 as set forth in Exhibit XXII. This amount, after deduction of necessary expenses will be paid to producers who lawfully delivered and sold Ontario wheat to a dealer during the 1945-46 crop year.

Cheques for the total amount of the final payment on the 1944 Ontario Wheat Equalization Fund, as set forth in Exhibit XXIII were issued by the Board on 28th June, 1946. A summary of the amount payable to producers and the final payments completed to 31st July, 1946 is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payment to producers are set forth in Exhibit XX.

Schedule of Administrative and General Expenses

Total expenditures under this heading for the year under review amounted to \$1,595,576.33, comprising expenses incurred at the Winnipeg, Calgary, Vancouver, Toronto,

Washington (United States) and London (England) offices of the Board. Of these expenditures an amount of \$232,814.12 has been charged to the Dominion Government in respect of expenses incurred in the administration of Acreage and Quota Regulations, etc. In accordance with the provisions of Order in Council P.C. 5768 of 28th August, 1945, an amount of \$39,121.38 has been charged to Drawback Account for the cost of administering the Drawback Regulations during the 1945-46 fiscal year. The balance of the administrative and general expenses has been allocated to the Board operations principally on the basis of bushels handled on each account during the 1945-46 crop year.

CONSOLIDATED BALANCE SHEET

We have examined grain documents on hand and have obtained certificates from bankers covering grain documents held by them for the account of the Board. Stocks of grain in the custody of Agents, in country elevators, terminal elevators and mills, etc., have been verified by reference to grain records maintained by the Board in which reports submitted by Agents are regularly recorded. In our opinion the asset "stocks of cash grain, etc., \$38,621,392.58" is correctly stated on the basis of valuations indicated on the Consolidated Balance Sheet. We have received certificates from bankers in verification of funds on deposit and the Bank of Canada have confirmed direct to us that as at 31st July, 1946 they held in safekeeping for the account of The Canadian Wheat Board, Dominion of Canada bonds having a par value of \$75,000,000.00. We have verified the calculation of the accrued interest on these bonds to 31st July, 1946. Satisfactory evidence has been produced for our inspection in confirmation of all other assets.

We have also obtained certificates from bankers in verification of the liability for bank overdrafts, and have checked the computations of the liability to Agents for grain purchased but not yet delivered. We have also checked the computations of the liabilities to producers for emergency wheat receipts issued under the authority of P.C. 1243 of 1st April, 1946, and for the additional 10c. payment on the 1945 Crop Account authorized by Order in Council P.C. 3222 of 30th July, 1946. Other liabilities have been verified by reference to creditors's statements, sales contracts and other data, and are correctly stated to the best of our information and belief.

In the course of our audit we have examined vouchers and other documentary evidence in support of grain and financial transactions, and have obtained all the information and explanations which we have required from members of the Board and from its officers and employees. The transactions have been verified in such detail and to such extent as we have considered adequate in view of the system of internal accounting control maintained by the Board.

In terms of the foregoing, we report that in our opinion the attached Consolidated Balance Sheet (Exhibit I.) and related statements of operations are properly drawn up so as to present respectively a true and correct view of the financial position of The Canadian Wheat Board as at 31st July, 1946, and of the results of its operations for the periods ended on that date, according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO,
Chartered Accountants
Auditors

The Committee adjourned at 1.05 p.m. to resume at 4 o'clock p.m.

AFTERNOON SESSION

The committee resumed at 4 o'clock p.m.

The CHAIRMAN: We are now going to start with exhibit 1 on page 34. The auditors are in a position to try to answer any questions you have in respect to this. We will take them exhibit by exhibit. We start with exhibit 1 on pages 34 and 35.

Mr. HARKNESS: Before we close with Mr. McIvor I think he said he had figures for the amount of flour that went into domestic use which I asked him for yesterday. Before he gave them we got on to a discussion of prices and then I think the matter was forgotten. I wonder if we might have those.

The WITNESS: I filed a statement this morning. Perhaps I should have read it. Would you like me to read it?

By Mr. Harkness:

Q. It will not be printed for a week or more and it is not much use to us then.—A. Perhaps I could read it to the committee. This is a statement on wheat milled for consumption in Canada. 1938-39, 47.2 million bushels; 1939-40, 49.5 million bushels; 1940-41, 43.1 million bushels; 1941-42, 43.5 million bushels; 1942-43, 49.7 million bushels; 1943-44, 49 million bushels; 1944-45, 49.2 million bushels; 1945-46, 58.3 million bushels; 1946-47 estimated 57.3 million bushels. Did I read too fast?

Q. I got it, thank you. May I ask you in connection with that if those amounts which you have read are the only amounts of wheat on which this price of \$1.25 per bushel was paid after the price went up above that?—A. That is right.

Q. The rest of the three-quarters of the wheat, or approximately that, which was used for domestic purposes was not included?—A. No, this is only for wheat milled for consumption in Canada.

Q. That is all that went at \$1.25?—A. No, all the wheat that was used in Canada went at \$1.25 up until the change was made this spring. That is in the last several years.

Q. That is the point I am getting at. That \$1.25 applied to all the wheat whereas the amount used for domestic milling was actually only one-quarter of that wheat approximately. It varies from one-third to one-quarter.—A. No. Can you give me the figures, Mr. Davidson, on what was used for other than milling in Canada?

Mr. HARKNESS: That is on page 5.

Mr. DAVIDSON: The total you are looking at there includes your farm consumption, seed, feed, and so on. It includes wheat milled for human consumption in Canada. It includes an item normally from 2,000,000 to 3,000,000 bushels for industrial use, and wheat for feed purposes. That is commercial wheat shipped from the west to the east. That would cover the field.

The WITNESS: The point is, Mr. Davidson, in these figures there is a lot of wheat which never goes off the farm. It does not go into commercial use.

By Mr. Harkness:

Q. In other words, it is an estimate?—A. Yes, it must be.

Q. To quite an extent?—A. Yes.

By Mr. Burton:

Q. These figures you gave us are actual figures of what went into domestic consumption through the mills?—A. Yes.

Q. May I inquire there if you have any information as to why in the last two years that you gave us figures for there was such a tremendous increase over what they had been in the previous years?—A. What is your opinion on that, Mr. Davidson?

Mr. DAVIDSON: One of the big factors was the demobilization of the army. During the war we were feeding a lot of troops overseas, and so on. With the end of the war there was quite a marked expansion in the consumption.

Mr. BURTON: It was not because of the mills stocking up on subsidized wheat, was it?

The WITNESS: No.

Mr. TOWNLEY-SMITH: That flour was not exported at all, that was all used in Canada?

Mr. DAVIDSON: That is correct.

By Mr. Ross:

Q. How would you arrive at the approximate number of bushels sold on the \$1.25 basis? That would be a figure somewhere between your flour and those figures in here?—A. That is right.

Q. You have not got those figures?—A. Have we the amount that went into feed in Canada in that period?

Mr. DAVIDSON: We can get the amount that free freight was paid on.

Mr. ROSS: As to what was used on farms—

Mr. DAVIDSON: That would be from 25 million to 30 million bushels. We might be able to get some of the other items.

By Mr. Harkness:

Q. My impression has always been this \$1.25 was maintained so that the price of bread might be maintained at the level it has been.—A. I think that is only a part of it. I think other things enter into that as well.

Q. The actual amount that was used for milling purposes seems to vary from about one-third to one-quarter of the total of domestic wheat for which a price of \$1.25 was paid.—A. The actual amount—Mr. Davidson can correct me if I am wrong—of wheat that was used in Canada domestically for all purposes, feed and milling or other commercial uses outside of the amounts on the farms, would run about 75,000,000 to 80,000,000. Is that right?

Mr. DAVIDSON: Right.

The WITNESS: That is about the figure.

By Mr. Bentley:

Q. All of which was subject to the 47 cent drawback?—A. No, milling wheat was subject to the drawback. The feed wheat was subject to 25 cents a bushel drawback. I think the wheat that went into the production of commercial alcohol was the same as the milling price, was it not?

Mr. DAVIDSON: That would be \$1.25, I think.

The WITNESS: Without subsidy.

By Mr. Wright:

Q. What is the division of that 75,000,000 to 80,000,000 as between flour and feed?—A. I reckon that roughly 25,000,000 to 30,000,000 a year would be used for purposes other than flour. Am I very far out?

Mr. DAVIDSON: That is about correct.

By Mr. Harkness:

Q. You say 75,000,000. Does that include the amount that was held on farms, the estimated amount?—A. No.

Q. I was looking at the year 1938-39. If you add 75,000,000 to 47,000,000 that is already there you will get a total...—A. The 75,000,000 to 80,000,000 would be the total amount in which this 40,000,000 to 50,000,000 would be included. That would be a part of the 75,000,000.

Mr. DAVIDSON: I would be glad to break those figures down to-night.

The WITNESS: We can break them down to-night and give them to you the first thing to-morrow.

By Mr. Harkness:

Q. At any rate, the general situation is that the farmers subsidized this wheat during the later stages to the extent of 25 cents or 30 cents for the whole amount and the dominion treasury subsidized it for a further amount as far as milling is concerned?—A. That is right.

THE CHAIRMAN: Mr. McVey would like to make a correction in what he said this morning.

Mr. McVEY: In connection with the table of bushels and costs I read this morning, in checking during the recess I find that the bushels that I read in as 420,919,000 for the 1940 crop should be corrected to read 395,355,000. That makes a slight change on the per bushel cost. The per bushel cost I read was .19124 cents. With that correction of the reduction in bushels it would be .20408 which, of course, again is approximately about a fifth of a cent. In the same connection at the conclusion of that table one of the members wanted to know if the cost included the payment cost on the four crops, 1940, 1941, 1942 and 1943, and the answer was "no, they did not." In the recess I have secured those figures. I should say that the cost I read will be the estimated provision for payment expenses. You see you have to make your estimate before you close the account in advance of the accumulation of those costs, but the point is that once you do that that is the final assessment which you can make against the producer. Whether your estimate happens to be close or otherwise, as far as he is concerned that is as much as he will ever pay. On that basis if you want to check these figures there was estimated in connection with the 1940 crop \$320,850 which works out to .08115, just under one-tenth of a cent per bushel. On the 1941 crop the estimate was \$178,250 which works out at .17907, which is slightly less than two-tenths. For the 1942 crop the estimated cost was \$213,900 which works out at .12769, a little over one-tenth. For the 1943 crop cost the cost estimated was \$495,000 which works out to .16872, a little better than 1½-tenths. Are you prepared to go on now with exhibit I, the consolidated balance sheet?

THE CHAIRMAN: Are there any questions you would like to ask on the consolidated balance sheet, Exhibit I.

THE CANADIAN
CONSOLIDATED

As at 31st

ASSETS		
Funds on deposit.....		\$ 35,388,130.44
Dominion of Canada 3% bonds at cost—P.C. 7310.....	\$77,615,875.00	
(Market value \$78,521,250.00)		
Accrued interest thereon.....	772,500.00	
		78,388,375.00
Stocks of cash grain, etc.—(In terms of inventories prepared by responsible officials):		
Wheat stocks (valued on the basis of Board fixed prices basis \$1.55 per bushel for One Northern in store Fort William/Port Arthur or Vancouver).....	\$36,284,332.81	
Loading and transportation charges, etc., to be recovered from sales of wheat in eastern and seaboard positions.....	1,558,921.37	
Flax stocks (valued on the basis of Board fixed prices as at 1st August 1946—P.C. 3222, basis in store Fort William/Port Arthur or Montreal—less provision for stocks to be sold to domestic crushers and processors at maximum prices—P.C. 3222, 3856).....	776,102.81	
Flax sold but not delivered (valued at sales prices).....	2,035.59	
		38,621,392.58
Accounts receivable—Dominion Government.....	\$ 499,085.22	
—sundry accounts.....	14,232,337.86	
		14,731,423.08
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association.....		15,551.63
Office furniture, equipment and automobiles, at cost less depreciation		56,810.58
Due from the Dominion Government:		
Net deficit resulting from the operations of the Wheat Board in respect of Crown Wheat Account—P.C. 7942 and 1116; coarse grains and seeds accounts—P.C. 2550, 1350, 7325, 6328, 5998, 4450, 8898, 859, 4131, 2894.....	\$51,764,918.94	
Less: Funds transferred from the Department of Finance, Ottawa.....	10,215,916.42	
		41,549,002.52
		\$208,750,685.83

Approved:

GEO. McIVOR,
Chief CommissionerW. C. McNAMARA,
Assistant Chief CommissionerF. ARNOLD,
Commissioner

WHEAT BOARD
BALANCE SHEET
July 1946

LIABILITIES

Liabilities to banks—overdrafts.....		\$	14,918.18
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board:			
Wheat.....	\$21,268,207.86		
Flax.....	210,872.17		
			21,479,080.03
Amounts due to Producers—Western Division:			
Emergency wheat receipts—P.C. 1243.....	\$ 9,347,228.07		
1942 Oats and Barley final payment—P.C. 4450.....	6,530.37		
1943 Oats final payment—P.C. 4450 and 8898.....	56,455.58		
1944 Barley final payment—P.C. 5998.....	588,726.53		
			9,998,940.55
Amounts due to Producers—Eastern Division:			
1944 Ontario Wheat Equalization Fund final payment—P.C. 1638	\$ 26,387.43		
1945 Ontario Wheat Equalization Fund—P.C. 4646.....	270,417.67		
			296,805.10
Amounts due to Producers on the outstanding certificates:			
Western Division—1940, 1941, 1942 and 1943 Crop Accounts final payments.....	\$37,413,586.83		
—Additional payment on 1945 Crop Account at 10c per bushel.....	23,543,840.58		
	60,957,427.41		
Eastern Division—1939 and 1940 Crop Accounts final payments..	5,583.03		
			60,993,010.44
Provisions for expenses of issuing final payments.....			1,368,489.03
Drawback Account—balance of appropriations.....			569,420.60
1930 Wheat Crop Equalization Payment Account—residue made available to The Canadian Wheat Board.....			70,679.25
Advances received on Agency wheat stocks.....			5,096,964.59
Accounts payable.....			2,230,365.59
Accrued expenses payable—freight, storage charges, etc.....			1,897,714.45
Surplus from the operations of the Wheat Board—Western Division:			
1944 Crop Account for the period from 1st August 1944 to 31st July 1946.....	\$65,151,436.73		
1945-49 Pool Account for the year ended 31st July 1946.....	39,522,861.29		
			104,674,298.02
			<u>\$208,750,685.83</u>

This is the Consolidated Balance Sheet which is referred to in our report of this date attached hereto.

Winnipeg, Manitoba,
26th May, 1947

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

Ward McVey, Chartered Accountant, Millar, Macdonald and Company, called.

By Mr. Burton:

Q. On the assets side there is an item of Dominion of Canada 3 per cent bonds at cost amounting to \$77,615,875. As I understand it that is in connection with the 1945 crop; that goes into the five-year pool? Will the interest accruing on that during the course of the years go into the principal amount or what is the intention in that respect?—A. The amount that is shown there would, I think, be considered more in relation to the unpaid surplus of the old crops as well as the accumulating surplus on the 1944 and 1945 crops. I mean by that it does not specifically relate to any one account. The interest that is collected on that will be apportioned wherever there are surplus funds. As I say we have an accumulation of old surpluses as well as new surplus, and all surplus accounts will participate in that interest earning.

Q. In proportion to the amount of money?—A. That is right.

By Mr. Townley-Smith:

Q. The same thing applies to the market value of the bonds. If you are able later to sell at a higher rate that also will be entered as surplus?—A. Yes.

Q. \$1,000,000 is concerned there now?—A. That is right, but no calculation on that will be made until that sale is made. We are not taking up any book profit or making any allowance. Those bonds will merely stay there until such time as they may be required, and whatever happens then in respect of capital profit, or loss, must be dealt with in the year that is then current.

By Mr. Wright:

Q. Are these bonds 3 year bonds or longer?—A. They are various victory loan issues maturing anywhere from 1962 to 1969.

Q. They are for different years? They are not just short term bonds?—A. No, they are not just one block.

Q. What I am getting at is to what extent do you use that money in your operations? I understand that in the Wheat Board there are times when you would require bank loans. These bonds are bearing a certain rate of interest. Your bank loans would bear a higher rate of interest. To what extent are you able to use this surplus you have accumulated to save yourself any bank loans in handling the various crops?—A. As a matter of fact, as I recall it, there have been no bank loans on Board account since roughly the middle of October of 1945. That is to say, due to the accumulation of this money which, as I said, at this date embraces the full 1943 crop surplus as well as succeeding surpluses, there was no necessity to borrow from that time on. During the currency of a crop year, depending on accumulation of stocks in terminal position—and that would be pretty well from the close of navigation to opening and so forth—fairly substantial sums might be required to carry the stocks in terminal position. In addition to that the Crown account deficit at this date, as you will note from the balance sheet, was about \$30,000,000, so we were able to finance that temporarily.

Q. That is the point I am getting at. Are we using this money to finance the Crown account without the Crown account paying interest to the Board?—A. No, sir. All these accounts are kept absolutely separate and interest is adjusted regularly at the end of each month, so that as far as the Crown account is concerned it might as well have been borrowing from the bank because the rate was the same, 3 per cent interest compounded monthly. However, even with those handy places, shall I say, to invest some money, in

spite of that the funds are getting up to a point that they are far in excess of that now, and the best that we have been able to do so far is a half of 1 per cent at the banks.

Mr. McIVOR: I might add to your remarks. Under the new Canadian Wheat Board Act there is an investment committee set up with one representative from the Canadian Wheat Board, one from the Department of Finance and one from the Bank of Canada, for the purpose of watching this position. We had nominated Mr. Findlay as the Canadian Wheat Board representative, but of course we will have to make other plans now.

The CHAIRMAN: Is there anything else on exhibit I?

Mr. HARKNESS: Yes.

By Mr. Harkness:

Q. On the liability side you have "provisions for expenses of issuing final payments, \$1,368,489.03" in order to pay out, as far as I can make out from the figures immediately above, \$61,000,000 approximately. It seems like quite a lot of money to make provision for paying out only \$61,000,000. What is the reason for that?—A. I have some information on that. The figure that is shown there, \$1,368,489.03, is the balance of provisions on eight accounts that were in process of payment at that time, the 1940 wheat crop, 1941 wheat crop, 1942 wheat, 1943 wheat, 1944 Ontario equalization flour account, 1942 oats and barley equalization fund, 1943 oats equalization fund, 1944 barley equalization fund. In the amounts originally set up, as I explained just a few minutes ago in connection with the four wheat crops, those estimates have to be made before the money can be paid out, and in addition to the four items I read there, and including them, the total amount provided for all of those accounts for payment purposes was \$1,472,155.08 which on a percentage basis worked out at 1.29 per cent of the total amount to be disbursed. The expenses that have been charged against this reserve since they started—and you will remember that the 1940 crop started back in the latter part of 1943 and 1944 so that expenses have been accumulating since that time—up to the end of July, 1946, totalled \$1,082,712.90. So that as against the original provisions there is now left \$389,442.18. I think it was Mr. Wright's question as to the interest being credited, and I said that interest was credited to accounts wherever surplus moneys were shown. In the case of these payments by reason of the fact moneys did not go out quickly, that is to say, they went out quickly, but they were not always cashed quickly, it left a fairly sizeable amount in this account with the result that in three years there has been an interest accumulation of \$979,046.85. That amount has been included in this reserve for payment purposes. Perhaps you might criticize that but our view was, "what do you do with it"? If you keep charging these other accounts, as I think you should, the resulting credit really belongs to this surplus money. The point there is as to the producers whose money is being paid out, that while these amounts in the aggregate are fairly substantial they are certainly not enough to make very much, if any, difference in the amount that you originally pay. That is to say, you would not contemplate issuing another series of cheques to pay out that relatively small amount. For temporary purposes it is carried in this reserve so that the figure I mentioned, the balance of the original provision, \$389,442.18, plus this accumulation of interest, \$979,046.85, gives you the figure of \$1,368,489.03 which is shown there.

Q. In actual fact the amount which it will cost to issue this \$61,000,000 will be somewhere around \$200,000 or \$300,000 instead of \$1,368,000. Is that what I understand by your explanation, and that the other million or so which is accumulated in interest will eventually come back to the farmers?—A. As to your first point we actually have \$389,000 left of our original provision which

in point of fact I doubt would be sufficient to cover what we have now to pay. In other words, our figures show that the provisions we did make for the 1940 crop, 1941 crop and 1942 crop as of the end of July, 1946, have been inadequate, and if it were not for the fact we have these interest credits we would have been short. What you say is right in that we have \$389,000 of the original provision left, but we have this interest credit of \$979,000. You said that will go back to the farmer. I doubt that it will.

Q. First of all it is only going to take around \$300,000 odd to make these payments?—A. I would not say that.

Q. Do you think so?—A. I would not be too sure because at this particular date the reserve on the 1943 crop has just been established. You may remember the 1943 crop payments did not start to move until about August of 1946. We have \$495,000 set up. It is an extremely difficult thing to make a reserve in this case because so much depends on how quickly requisitions come in, what shape they are in when they do come in. If they are in good shape the clerical data can be checked very quickly and cheques issued, but the factor that we overlooked—at least, I think perhaps we did not give sufficient stress to it in the early crops—was the question of getting down to what you might call the hard core of the thing. You only have \$1,000,000 left but it could easily cost you as much to get that out as it did to get the previous \$19,000,000 out because these are items where you have to trace individual people. You run across all sorts of things, estates, and so forth, where there are no heirs that can be located. All that involves more clerical costs for a relatively small amount of money, so I would not be prepared to say that the \$389,000, the original provision we have, will, in fact, be sufficient. I do feel that as to this extra cushion of interest we are satisfied there will certainly be some of that left by the time it is all cleaned up.

Q. What will happen to whatever is left?—A. I have had no discussion with anyone on that. In my own view it may be something like the residue of the 1919 Wheat Board which I understand was transferred down here to the treasury department with a list of the outstanding items. I believe after the treasury department held the money for a number of years and paid a few odd claims that some of it, at least, went back west again. It runs in my mind that in Manitoba the Co-operative Promotion Board obtained some money there for promotion purposes on the understanding that if any of the claimants showed up they were to be guaranteed that their certificates would be cashed.

By Mr. Wright:

Q. Has the board given any consideration to simplifying this matter of making payments? It seems to me we have in this item a lot of payments still to be made in these old accounts. What is to hinder the board taking their books and simply making out cheques to everybody instead of having applications come in? Why not use your own books as a basis to make these payments? Why should the board have to go to the expense of deciding estates and that type of thing? It seems to me that is the way that the pools handle their payments. Perhaps I am wrong. You might give us an explanation. I should like to have that clarified.

Mr. McIvor: Mr. McVey is also the auditor for the Manitoba pool.

By Mr. Wright:

Q. Could this be done on the same basis as the pools make their payments?—A. It is in fact, I would say by reason of the availability of the tabulating equipment that probably it is a more efficient operation, but your question is quite in order. I can understand that on the outside you may well say, "after all there is not much to making a payment. You have a list.

You have the man's name and address and so much money coming to him and you issue a cheque and there it is." However, remember this; we are dealing with all the farmers in western Canada. I do not know how many.

Q. Two hundred and some thousand.—A. For some reason or other, at least in these early years, these men never necessarily delivered all at one point. They delivered at various points. Therefore their participation certificates came in from various companies. Once they come in the possibility of matching one up with another and saying that John Jones here is the same as John Jones there is very slim. You cannot do it because even within the area of one country elevator you will have family groups. You will have one family named Brown perhaps. One man will be John and the other Jim. Sometimes the name is written out and other times it is just J. Brown. In the absence of other suggestions I would say that if you had every producer labelled with a number it might help. Why that has not been done I do not know. That would not be infallible because that requires the agent to record that number each time that man shows up.

Q. That is done at the pool.—A. And sometimes he does not know in cases where a farmer has hired someone to haul his grain in during the course of the season. It may happen that some of his tickets occasionally get made out in the name of his employer, and so forth and so on.

By Mr. Burton:

Q. If I may interrupt there, in the pool system the members each have their contract number. I realize that it would simplify matters there but yet in the final analysis you people take your books as the record and not what the farmer sends in.—A. No, we are not able to do it because in the first place for the purpose of balancing out with the agent companies the participation certificates have initially to be filed by those companies by their stations, and if in these early years a man delivered grain to more than one place it simply could not be done.

By Mr. Bentley:

Q. Could you not use a serial number on the permit books?—A. I think something like that might be worked out. Unfortunately in respect to the early crops, at least, it was not done so there has been no other method available, as well as the fact that particularly in the case of the 1940 crop, which did not begin to be paid out until the spring of 1944, while these participation certificates are not transferable, it is true, as between landlord and tenant, they do get in peculiar places. I know this thing happened in that connection, that they were recorded with the Wheat Board as landlord and tenant. The mortgage company would hold a mortgage and they would come along and say, "This man does not owe us any more money. He has paid off his debt." Yet the board could do nothing but pay that mortgage company. Mind you, we have no reason to think that the producer did not get his money, but that shows you the peculiar position.

Q. Do you notify the producer when you pay the mortgage company?—A. Yes.

By Mr. Ross:

Q. There are some unsettled claims between the landlord and the producer on that very basis right to-day?—A. I should not be surprised that there are more than one.

Q. You called in all participation certificates for 1945 in order to make that extra 10 cent payment. Do you propose holding those until 1950 or how are you going to deal with that?

Mr. McIvor: In regard to Mr. Wright's question, which I agree with Mr. McVey is a very proper question, we did not pay that 10 cents against the certificates. We did not take the time to call in certificates. We paid the 10 cents through the elevator companies. This is not any criticism of the elevator companies because they are all in the same boat, and I can quite understand how mistakes would happen, but I think we have got to get a staff of about twenty together and we are going to have to work about three months on the errors that have been made in that payment. Those errors did not get into these other payments.

Mr. Ross: Am I correct that the elevator companies asked people for the certificates?

Mr. McIVOR: No, they just paid against the certificate without checking the certificate. They wanted to get the money out and we did not want to delay it. As I say, I am not criticizing the elevator companies. I am pointing out the difficulty in connection with John Jones, J. Jones and Jim Jones at one point. I know as to one company alone Mr. Findlay brought me in ten full pages of foolscap containing errors that had been made. We have got to check every one of these errors and correct that before we can make final payment.

Mr. WRIGHT: I can understand that. I do not think you will ever get it simplified until everybody has a number.

Mr. McIVOR: Here is Mr. McVey. If you can convince him it is quite all right with the board because we want to get them out as quickly as we can.

The WITNESS: It is something like the agitation for the calling in or discontinuance of the registration certificates. There is a difficulty there with regard to the western farmers. I do not think that farmers like to be designated by a number. I do not think it would be a very popular move.

By Mr. Wright:

Q. I would not say that. I know there is nothing we can do about what is past but I do think from now on we should adopt a simplified system which I think would work better than the present method. I do not know of anything except numbers. We use them in our co-operative. We use them in the wheat pool, our wheat pool contracts. I think the western farmer has become accustomed to it. I do not think he would think he was being fingerprinted if he had a number.

Mr. BURTON: Your permit book is right there.

Mr. WRIGHT: It is a number. It is not a case of regimentation.

Mr. McIVOR: That is something we leave actually to our comptroller and accounting staff because on that end of the work they are the experts. Mr. Findlay was the man who really made the payments in the early pool days. That was his job in Regina. We hope that Mr. Findlay recovers satisfactorily and we are quite prepared to say to him and Mr. McVey, we are quite prepared to ask them in view of the discussion in this committee if we cannot improve on the system. I assure you as a board we are just as anxious as this committee is to improve on the system.

Mr. Ross: I did not follow you clearly on these 1945 certificates. Where are they now?

Mr. McIVOR: They are being held by the elevator companies as trustees for the board and will be turned into the board.

Mr. Ross: They will not go back to the producer?

Mr. McIVOR: No, we have not space for them.

Mr. Ross: They are at the present time with the elevator companies in trust?

Mr. McIVOR: Mr. McNamara was connected with the pool payments in the early days. I can see he is anxious to help us out on this problem.

Mr. McNAMARA: I did want to say that on this matter both Mr. Findlay and I have discussed it in quite a lot of detail recently because I realize there is some feeling that there is some delay in making payments. We have explored the suggestion of Mr. Wright thoroughly. We have discussed it with the pool people and asked them if they were pooling again would they use it. As Mr. McVey says the system we use is about the same as the pool. Although the pools have a contract-number payment was not based on the number. We call in the producer's certificates the same as they do. When they are listed in what we used to call form 42 they are paid from there. Just working on a number there would be nothing to prevent somebody getting hold of another fellow's permit, and delivering grain on that permit book. Where certificates come in from growers we pay from what has been reported by elevator companies to us, and it goes out. There is one other thing I think should be said in fairness to the board on this question that there is a delay in payment. There is a delay on the part of the producer sending in his certificates to us. We are keeping nine accounts open. Instead of being able to get the 1940 crop certificates in and pay we are not getting the certificates in and we have to keep these accounts open year after year. That is adding to our administrative problem in making payment.

The CHAIRMAN: There is a division bell. We will have to adjourn temporarily.

—The committee adjourned temporarily.

The committee resumed at 5.03 p.m. following the division.

The CHAIRMAN: When we were called down to the House Mr. McNamara was just giving us some answers to certain questions. Is there anything further you would like to ask him before we leave that?

By Mr. Burton:

Q. I have listened with interest to the explanations given by various witnesses. I may only add this, it has been expressed before; we hope that the officials of the board will give it further consideration and, if possible, work out some satisfactory plan. And now, I have a question here I would like to ask. It is an item here, a liability of \$70,679.25, apparently relating to the 1930 wheat crop equalization payment account—residue made available to the Canadian Wheat Board; just how did we get hold of that, baby?—A. Some time, I do not recall the year now, it was in the fairly early years of the board, the government of that day by order in council I think made available an amount of money in the neighbourhood of about \$6,600,000 to equalize the initial payments on the 1930-31 crop. That was the last crop that was delivered by the western producers to the wheat pools, and the stocks in the hands of the Canadian Co-operative Wheat Producers, who were the centralized selling agency, or at 31st July, 1931, were the nucleus of the stabilization operations subsequently carried on under the direction of Mr. John I. McFarland, but in the advance payments made on that crop there had been some changes made during the course of the year so that the producers who had delivered certain grades had received at the start a higher amount of money, as I recall it, than some of the others who made deliveries later, and representations were made to

adjust the inequity; and it was for that purpose that the money you speak about was provided, and the actual disbursements were made through the three pools; Manitoba, Alberta and Saskatchewan. The wheat board merely acted as trustees of the money, you might say; they received the money and they forwarded it to the respective pools for disbursement. This amount here is the residue which was left out of that fund. The same situation existed then, the question of not being able to locate the producers involved; and at a later date, the government of the day by order in council made this amount available to the wheat board for any purposes they might see fit, but they have not used the money; it simply stays there from year to year.

Q. This item will be carried on in order to satisfy the odd claim which there may be made against it?—A. No, I do not think it was intended to be used that way; I mean, in checking with the pools, obviously they knew they had paid and located as many as they ever would be able to. There has never been any specific purpose that I have heard about that the board will use this money for. It is available for such purposes as I say—if there are some very extraordinary losses or claims they could use the money to meet them.

Q. I see there is a slight variation between the amount in 1945-46 and as shown in 1944-45, and a larger variation in the amount as compared to earlier reports; were there some adjustments made there or some payments made?—A. That is right. There were some items of expense which arose in connection with other departments of government. I cannot recall just what they were; they were not large amounts; in fact, I think that the order in council which made it originally available was dated about the 20th of February, 1940. There have been amounts used for some special purposes. Mr. McIvor suggests to me that certain amounts in that fund were used to cover his travelling expenses on some European trips.

Mr. McIvor: I might tell the committee that when I attended some of the international meetings Mr. Findlay charged the expenses of that trip to that account. It was the instruction of the government that the account was to be used for any special purposes of that nature which might arise.

Mr. BURTON: That was for the benefit of the original producers, shall we say?

Mr. McIvor: Yes.

Mr. Ross: There is another item here which I think Mr. McIvor might explain; it is some \$15,551.63 and it relates to membership in the exchanges at Winnipeg, Vancouver and in the Lake Shippers' Clearance Association. I would like to have Mr. McIvor tell us what the use of these exchange seats is while the board are not operating through them now?

Mr. McIvor: We had all these memberships before the close of the market. We carried on the memberships, and that is where the bulk of our dealings are made in dealing with boats and things of that nature—dealings with grain shippers are naturally carried on through that market, and in Vancouver, that is the meeting place of the shipowners and leaders in everything of that nature. Our men contact them through our membership in the Vancouver exchange. There is no future trading.

Mr. Ross: None at all?

Mr. McIvor: No.

The CHAIRMAN: Any further questions on exhibit I?

By Mr. Harkness:

Q. There is this item for the provision of expenses of issuing final payments, \$1,368,489.03; is that amount included in your general administrative costs? I take it is, is that correct? Is the cost of putting out these cheques included in your general administrative expenses?—A. No, they are not in these figures. As I read into the record this morning they are assessed against the account before it is closed for final payment purposes.

Q. Where does that cost appear in your operating expenses? I do not see it appearing anywhere and I was wondering how it was covered?—A. I can illustrate it. If you will turn to the back of the binder you will see there our report as auditors in connection with the final payment of the 1943 crop. Now, the statement itself shows a surplus of \$36,387,000-odd; that was down to the 31st of July, 1945. If you will turn to the body of the report—there is no page number?

Q. What page is that?—A. There is a page there under our printed letterhead, the one I refer to is the page to the left of that where the general statement is?

Q. Is that opposite 25, or under Exhibit 25?

The CHAIRMAN: It is on the outside of the page from Exhibit 25.

The WITNESS: If you will look at the figures near the centre of that page, we show the surplus according to the previous statement which was as at 31st of July, 1945,—(the account was not actually closed for payment purposes until a year later). Interest was allowed on that surplus down to the 31st of July, 1946, amounting to \$902,289.16; bringing the fund up to \$37,289,837.46. From that the 1 per cent Prairie Farm Assistance Act levy is deducted, \$370,961.28; then there is an estimated cost of issuing final payments, \$495,000. That is the figure I read you previously; and those deductions bring the surplus down to \$36,423,876.18. And this is rather interesting, this next figure; the interest addition there is an attempt to guess roughly as to when the bulk of that money would be paid out, and for that purpose we allowed further interest down to the 30th of November, 1946, which was about three months beyond the commencement of the issuance of the cheques. That made an addition of \$301,290.94, bringing the final amount to \$36,075,167.12, for which cheques have been issued. The interesting thing there is, you will see the interest it was possible to earn, to credit to this account from the date the crop was sold amounted to \$902,301; and it exceeded by a considerable amount the P.F.A.A. levy and the cost of issuing the final payments.

Q. Well, the situation is that the cost of issuing the final payments is subtracted from the revenue figure?—A. That is right.

Q. Therefore the administrative costs which you show for the operation of the wheat board are really not only administrative costs; they are the cost, minus what you might call in most financial statements the cost of carrying the business on?—A. I think that in any event there is some justification for that because as I see it the cost, or at least the expenses involved in the issuing of payments, is not a normal charge in the connection with the marketing of a crop. I do not see how we could take care of it on an accounting basis other than the way we did, because this item of \$495,000 was an estimate made in advance before the actual costs were incurred. However, in the succeeding years, as in this year here, when we come to deal with the schedule of overhead

expenses, that does in fact include all the actual costs that accrued during the year for the work of issuing these payment cheques. So what you say is not quite right because another factor is involved, particularly that interest figure. As I mentioned before, they have already exceeded in a period of three years, in the case of those three crops, the amounts that were provided.

Q. Yes, what I was getting at was this; if we are to get a true picture of what it costs, we will say to market through the wheat board, the cost of issuing these cheques is one item of administrative cost; and if they are administrative costs why, again, does not that show as part of it? Otherwise, if that is not shown, we will be getting a false statement.—A. The answer to that is that you have read this report of the final payment in conjunction with the other statement, and that is what the statement purports to show, the marketing of that crop and all the proper expenses that have been assessed and should be assessed against it. That is one operation. Then we show the rest of the picture and we show very clearly that there is a considerable clerical expense involved in preparing these payment cheques; and that is very clearly set out.

Q. As far as we are concerned, however, to see what the administrative cost of handling it properly is, that should be added to the figures you gave us the other day.

Mr. WRIGHT: You gave us both these figures the other day.

The WITNESS: I do not want to argue with you about it, but as matters stand you have it now. You have the financial costs which I think are properly shown in the marketing of the crop and you have the subsequent estimates of the per bushel cost there too. It is simply a matter of adding them together.

By Mr. Harkness:

Q. What I am getting at is, the farmer wants to know what it costs per bushel to have his grain handled in this way, plus carrying charges.—A. We have that in the same report.

Q. We have not gone so far into the matter of handling charges; but I think that is what the average farmer would like to know, how much per bushel it costs to handle his grain.—A. The only time you can get to know that is when you reach the position where you are going to pay out the surplus. We do report that. The fixed initial payment to the producer was \$1.25 per bushel; average cost for storage, interest and other expense, 4.047 cents per bushel, leaving a surplus of 12.146 cents per bushel basis No. 1 Northern.

The CHAIRMAN: Gentlemen, the difficulty is that we are jumping from one exhibit over to others and it is pretty hard to keep tab. If we would stick to one until we got through with it it would be easier. Is there anything else on that point?

Then we will take up Exhibit II.

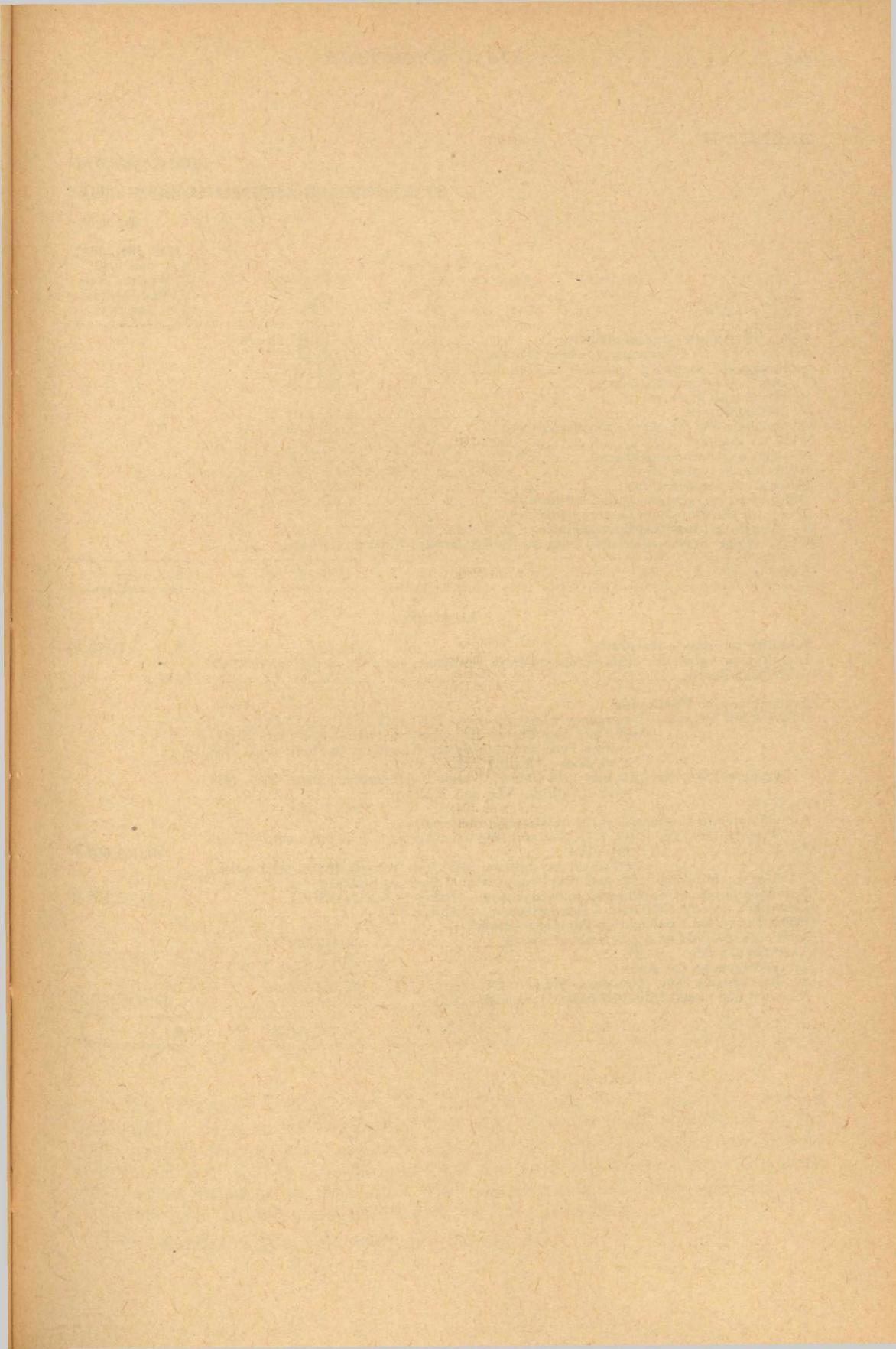


EXHIBIT II

THE CANADIAN

STATEMENT OF ASSETS AND LIABILITIES

As at 31st

1940, 1941, 1942
and 1943
Wheat Crops
Final Payment
Accounts

ASSETS

Funds on deposit—general accounts.....	
—Emergency wheat receipts.....	
Dominion of Canada 3% bonds—P.C. 7310.....	
Accrued interest thereon.....	
Stocks of cash grain, etc.:	
Wheat stocks.....	
Loading and transportation charges, etc.....	
Flax stocks.....	
Flax sold but not delivered.....	
Accounts receivable.....	
Grain trade memberships.....	
Office furniture, equipment and automobiles.....	
Due from the Dominion Government:	
Net deficit resulting from operations.....	
<i>Less:</i> Funds transferred from the Department of Finance, Ottawa.....	

\$ —

LIABILITIES

Liability to banks—overdrafts.....	\$ 1,902.33
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board.....	
Amounts due to Producers:	
Western Division—Emergency wheat receipts—P.C. 1243.....	
—1942 Oats and Barley Equalization Funds, 1943 Oats Equalization Fund and 1944 Barley Equalization Fund—P.C. 4450, 8898, 5998—(Exhibit VII.).....	
Eastern Division—1944 and 1945 Ontario Wheat Equalization Funds—P.C. 1638, 4646—(Exhibits VII. and XXII.).....	
Amounts due to Producers on the outstanding certificates:	
Western Division—1940, 1941, 1942 and 1943 Crop Accounts final payments—(Exhibit VII.).....	37,413,586.83
—Additional payment on 1945 Crop Account at 10c. per bushel..	
Eastern Division—1939 and 1940 Crop Accounts final payments.....	1,182,126.59
Provisions for expenses of issuing final payments—(Exhibits XX. and XXI.).....	
Drawback account—balance of appropriations—(Exhibit XIX.).....	
1930 Wheat Crop Equalization Payment Account.....	
Advances received on Agency wheat stocks.....	
Accounts payable.....	370,961.28
Accrued expenses payable.....	
Surplus resulting from operations—Western Division.....	
Amounts due to and from other Board accounts.....	(38,968,577.03)

\$ —

WHEAT BOARD
AND CONSOLIDATION THEREOF

July, 1946

1944 Wheat Crop Account	1945-49 Pool Account P.C. 3222	Crown Wheat Account P.C. 7942 P.C. 1116	Totals for Coarse Grains, Seeds, etc.	Totals for Consolidated Balance Sheet
	\$ 25,445,630.56		\$ 608,817.68	\$ 35,388,130.44
	9,333,682.20			77,615,875.00
	77,615,875.00			772,500.00
	772,500.00			
	36,284,332.81			36,284,332.81
	1,558,921.37			1,558,921.37
			776,102.81	776,102.81
			2,035.59	2,035.59
\$ 1,915,012.01	11,236,725.98	\$ 576,529.14	1,003,155.95	14,731,423.08
	15,551.63			15,551.63
	56,810.58			56,810.58
		30,918,859.88	20,846,059.86	51,764,918.94
		(10,125,327.04)	(90,589.38)	(10,215,916.42)
\$ 1,915,012.01	\$ 162,320,030.13	\$ 21,370,061.98	\$ 23,145,581.71	\$ 208,750,685.83
	\$ 760.54		\$ 12,255.31	\$ 14,918.18
\$ 2,490.77	21,265,717.09		210,872.17	21,479,080.03
	9,347,228.07			9,347,228.07
			651,712.48	651,712.48
	296,805.10			296,805.10
	23,543,840.58			37,413,586.83
	5,583.03			23,543,840.58
	4,532.37		181,830.07	5,583.03
		\$ 70,679.25	569,420.60	1,368,489.03
	5,096,964.59			569,420.60
	30,471.99			70,679.25
25,119.19	1,844,723.66	12,459.12	1,881,354.01	5,096,964.59
38,682.74	39,522,861.29		14,308.05	2,320,365.59
65,151,436.73	61,360,541.82	21,286,923.61	19,623,829.02	1,897,714.45
(63,302,717.42)				104,674,298.02
\$ 1,915,012.01	\$ 162,320,030.13	\$ 21,370,061.98	\$ 23,145,581.71	\$ 208,750,685.83

The WITNESS: I might say, Mr. Chairman, that this is merely a detailed presentation of some of the figures that have already been referred to in the consolidated balance sheet, so that this and the following exhibit are merely supplementary; and that applies to both the next two statements. One deals with wheat accounts and the other with coarse grains, and they are both consolidated into the statement with which we have just dealt.

The CHAIRMAN: Are you ready for Exhibit III?

EXHIBIT III

THE CANADIAN
STATEMENT OF ASSETS AND LIABILITIES
COARSE GRAINS, SEEDS

As at 31st

ASSETS

Funds on deposit.....	.....
Stocks of cash grain, etc.:	
Flax stocks.....	.....
Flax sold but not delivered.....	.....
Accounts receivable.....	.....
Due from the Dominion Government:	
Net deficit resulting from operations—(Exhibit VIII.).....	.....
<i>Less:</i> Funds transferred from the Department of Finance, Ottawa.....	.....

LIABILITIES

Liability to banks—overdrafts.....	.....
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board.....	.....
Amount due to Producers on 1942 Oats and Barley Equalization Funds, 1943 Oats Equalization Fund and 1944 Barley Equalization Fund—P.C. 4450, 8898, 5998.....	.....
Provision for expenses of issuing final payments on 1942 Oats and Barley Equalization Funds, 1943 Oats Equalization Fund and 1944 Barley Equalization Fund—P.C. 4450, 8898, 5998.....	.....
Drawback Account—balance of appropriations.....	.....
Accounts payable.....	.....
Accrued expenses payable.....	.....
Amounts due to and from other Board accounts.....	.....

WHEAT BOARD
AND CONSOLIDATION THEREOF
AND DRAWBACK ACCOUNT

July 1946

Flax Division P.C. 2550 P.C. 1350 P.C. 7325	Oats and Barley Division P.C. 2550 P.C. 6233 P.C. 5998 P.C. 4450 P.C. 8898	Seeds Division P.C. 859 P.C. 4131 P.C. 2894	Drawback Account P.C. 5768 P.C. 7319 P.C. 6602 P.C. 7323 P.C. 9457 P.C. 2438	Total
	\$ 208.33		\$ 608,609.35	\$ 608,817.68
\$ 776,102.81				776,102.81
2,035.59				2,035.59
1,002,514.59		\$ 641.36		1,003,155.95
4,881,567.44	15,688,741.08	275,750.54		20,846,059.06
		(90,589.38)		(90,589.38)
<u>\$6,662,220.43</u>	<u>\$15,688,949.41</u>	<u>\$ 185,802.52</u>	<u>\$ 608,609.35</u>	<u>\$ 23,145,581.71</u>
	\$ 12,255.31			\$ 12,225.31
\$ 210,872.17				210,872.17
	651,712.48			651,712.48
	181,830.07			181,830.07
			\$ 569,420.60	569,420.60
4,928.85	1,876,374.50	\$ 50.66		1,881,354.01
14,149.37		158.68		14,308.05
6,432,270.04	12,966,777.05	185,593.18	39,188.75	19,623,829.02
<u>\$ 6,662,220.43</u>	<u>\$ 15,688,949.41</u>	<u>\$ 185,802.52</u>	<u>\$ 608,609.35</u>	<u>\$ 23,145,581.71</u>

The CHAIRMAN: What about Exhibit IV?

EXHIBIT IV

THE CANADIAN

Crown Wheat Account

STATEMENT OF

For the period from inception (28th

Wheat acquired:

Purchases of country elevator stocks at closing market prices 27th September 1943, basis in store Fort William/Port Arthur or Vancouver.....	
Purchases of terminal stocks at closing market prices 27th September 1943, basis in store Fort William/Port Arthur or Vancouver.....	
Purchases of overages, etc., at terminal and country elevators, at Board fixed prices basis in store Fort William/Port Arthur or Vancouver.....	
Purchases under authority of Order-in-Council P.C. 1116 of 20th February, 1945:	
Section 2A—Interim Mutual Aid.....	
Section 2B—Interim Domestic.....	
Section 3 —Replenishment account.....	

Wheat sold:

Completed sales at realized prices in store Fort William/Port Arthur or Vancouver:	
Sales at Class I prices.....	
Sales under authority of Order-in-Council P.C. 1116 of 20th February, 1945:	
Section 3—Replenishment account.....	

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:	
Carrying charges on wheat stored in country elevators.....	
Storage on wheat stored in terminal elevators and mills.....	

Interest and bank charges.....

Freight recovered on wheat shipped from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and commission charges.....

Administrative and general expenses to 31st July, 1945.....

Add: Proportion of administrative and general expenses for the year ended 31st July, 1946.....

Add: Carrying costs paid or payable to 1943 and 1944 Crop Accounts under authority of Section 10 of Order-in-Council P.C. 1116 of 20th February, 1945.....

Deficit from the operations of the Wheat Board on Crown Wheat Account, Western Division—P.C. 7942 and 1116, for the period from inception (28th September 1943) to 31st July, 1946.....

Note: In respect of the deficit shown above, an amount of \$10,125,327.04 was funded by the Dominion Government on 30th April, 1945.

WHEAT BOARD

—P.C. 7942 and 1116

OPERATIONS

September 1943) to 31st July, 1946

BUSHELS		AMOUNT	
205,939,797-10		\$242,573,885.37	
91,795,621-11		109,059,268.29	
2,704,583-45		3,218,821.10	
48,311,877-10	\$ 71,187,795.86		
9,866,640-00	11,771,904.54		
<u>93,966,451-57</u>	<u>132,637,527.50</u>	215,597,227.90	
<u>452,604,971-13</u>			\$ 570,449,202.66
358,638,519-16		\$ 435,073,893.39	
93,966,451-57		135,456,558.31	
<u>452,604,961-13</u>			
			<u>570,530,451.70</u>
			\$ 81,249.04
	\$ 18,657,241.54		
	<u>1,112,238.75</u>	\$ 19,769,480.29	
		3,670,666.74	
		(5,900.79)	
		90,535.98	
		3,516.28	
		119,153.26	
	\$ 303,019.49		
	<u>51,053.39</u>	354,072.88	
		<u>24,001,524.64</u>	
		6,998,584.28	<u>31,000,108.92</u>
			<u>\$ 30,918,859.88</u>

Mr. BENTLEY: I was going to ask you about the item at the top of the page there, going back over the three reports, the purchase of country elevator stocks at a certain date show in this report, in bushels, 205,939,797-10; and in the year before it showed 91,795,621-11; and the one before that 2,704,583-45; and then there are the related figures as to amounts. I would like to have an explanation for the variation in those amounts.

The WITNESS: Yes. I can explain that in connection at least with the first item. These country elevator purchases were set up initially as of the 28th September, 1943, and there have been adjustments made from time to time as companies were able subsequently to weigh up and check back and give us just exactly what their stocks were as of that date.

The CHAIRMAN: Is there anything else on Exhibit IV?

By Mr. Harkness:

Q. Yes, Mr. Chairman. There were 358,638,519-16 bushels valued at \$435,073,893.39; and in the next item, 93,966,451-57 bushels valued at \$135,456,558.31. I make that by calculation about \$1.21 per bushel. Then, the sales under authority of this order in council P.C. 1116, I make that \$1.44 roughly per bushel. What is the explanation of the difference between the two prices; and how do you arrive at these figures of approximately \$1.21 and \$1.44?—A. I must congratulate you, sir, on your calculations, they are very exact. Under order in council P.C.7942 the board was instructed to sell this Crown wheat basis \$1.25 in store Fort William/Port Arthur and Vancouver.

Q. Is it class I that you are talking about?—A. That is right; and in connection with P.C. 1116, dated the 20th of February, 1945—that date was later amended to become effective as of the 1st of March—in connection with this replenishment stock which the Crown obtained from the 1943 and 1944 boards; that price of \$1.25 was amended to \$1.46 basis in store Fort William; so your average calculation was very close.

Q. How is it that is cost \$1.21 instead of \$1.44? I expected it would work out at \$1.25.—A. You are thinking in terms of No. 1 Northern, and you also have lower grades in there.

Q. Oh, I see, there were lower grades in it. Then are the carrying charges down there? I notice the amount, there is a list there totalling \$31,000,108.92 on this 452,604,000-odd bushels of wheat. I asked you yesterday, I think, as to what the cost per bushel had been for carrying this wheat in storage over the considerable period of time it was carried. It mounted up, and I wonder if we could have those figures now in connection with that. That appears to be the chief reason for the loss sustained on that wheat.—A. Those carrying charges are the rates arranged in the annual contract between the board and the handling companies, and they include the storage at the rate current for that year, and are based on the price at the country point of an average grade in that year.

Q. What I am getting at are the storage charges—they are shown here; one amount is a total of \$19,759,000-odd in one place, and then there is an item of \$6,900,000-odd in another.—A. Do you mean the additions down there at the bottom of the page?

Q. Yes. The point I am getting at is, what is the amount actually paid out per bushel on this wheat for storage charges?—A. Well, that would be rather difficult to determine on this statement because these country carrying charges

relate to the volume taken over in country position. That first figure under "wheat acquired," 205,939,797; I could not say offhand what the proportional cost was; it would depend entirely on how long stocks were warehoused at country points, and storage continued to accrue on this basis on a rate which in the case of country stocks includes storage and interest.

Mr. McIVOR: I think the question yesterday asked by Mr. Harkness was as to the rates for carrying, and my answer was the they ranged from $\frac{1}{2}$ cent to 1 cent a month per bushel. During this period I think it ranged from $\frac{1}{2}$ cent a month to $\frac{1}{45}$ th cent a day. As I recall it it only varied from $\frac{1}{2}$ cent to 1 cent a month during the last few years.

Mr. HARKNESS: What I had in the back of my mind is this: there was quite a bit of discussion as to the desirability of carrying a large reserve of wheat and I was wondering how much did it cost us to carry the very large stock which we had to carry without any choice during the war, and I thought might have been of considerable interest in regard to any ideas we might have of carrying, as some people thought we should, a considerable amount in store in future.

Mr. McIVOR: It would cost, based on past experience, from 6 to 12 cents per bushel per year storage. That has been the range for carrying storage stocks.

Mr. HARKNESS: And the result of that would be that if wheat were carried for any period of years the farmers' return would be very materially reduced.

Mr. McIVOR: It would depend on the course of the market during the time. If the market advanced it might benefit him.

By Mr. Townley-Smith:

Q. With regard to that third item there, overages—\$3,218,825; was that result of the weigh-overs in stocks in elevators at the time it was taken over?—
A. I would not say that in its entirety according to the weigh-overs which were taken as at the end of July, 1944, which was at the end of the Crown year following the establishment of Crown account. According to country weigh-ups at that time country overages were determined at 1,090,080. The balance of that figure consists of two items. One is overages which developed in connection with the weigh-up of terminal elevators from the inception of Crown account down to the end of the 31st of July, 1945, 1,242,703 bushels. Secondly there is the item of what we call special country purchases which consist of fire loss adjustments, salvaged wheat, wrecked cars, and so forth, which came in to the extent of 371,799 bushels.

The CHAIRMAN: Is there anything else on exhibit IV?

Carried.

Exhibit V.

EXHIBIT V

THE CANADIAN
1945-49 Pool Account,
STATEMENT OF
For the year ended

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis
\$1.35 per bushel for One Northern in store Fort William/Port Arthur or Vancouver.....

Purchases of overages, etc., at terminal and country elevators, at Board fixed prices basis
\$1.25 per bushel for One Northern in store Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:
Sales at Class II prices.....

Add: Additional differential charges, storage and interest recovered.....

Net proceeds from sales.....

Stocks of wheat, valued on the basis of Board fixed prices basis \$1.55 per bushel for One Northern
in store Fort William/Port Arthur or Vancouver:

On hand.....

In the custody of Agents.....

Surplus on cash wheat transactions.....

Deduct: Funds to be transferred to the 1944 Crop Account under authority of Order in Council
P.C. 4869 of 26th November 1946, so that the provision of wheat for domestic pur-
poses shall be more equitably divided between the 1944 and 1945 Crop Accounts.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary
to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1945-49 Pool Account,
Western Division—P.C. 3222, for the year ended 31st July, 1946.....

WHEAT BOARD

Western Division—P.C. 3222

OPERATIONS

31st July 1946

BUSHELS		AMOUNT	
235,438,405-50		\$310,542,730.29	
<u>2,266,200-32</u>		<u>2,531,220.71</u>	\$313,073,951.00
<u>237,704,606-22</u>			
213,985,829-39	\$327,751,678.07 <u>4,958,483.72</u>	\$332,710,161.79	
19,541,588-25 <u>4,177,188-18</u>	\$ 29,934,211.73 <u>6,350,121.08</u>	<u>36,284,332.81</u>	
<u>23,718,776-43</u>			368,994,494.60
<u>237,704,606-22</u>			<u>55,920,543.90</u>
			12,000,000.00
			<u>43,920,543.60</u>
	\$ 4,583,623.25 <u>(595,456.44)</u>	\$ 3,988,166.81	
		(167,358.97)	
		67,105.31	
		731.61	
		(489.45)	
		<u>509,527.00</u>	4,397,682.31
			<u>\$ 39,522,861.29</u>

Is there anything on exhibit 5?
Carried.

EXHIBIT VI

THE CANADIAN

1944 Crop Account—

STATEMENT OF

For the period from 1st August

Wheat acquired:

Purchased from Producers at Board fixed prices basis in store Fort William/Port Arthur or Vancouver.....

Purchases of country elevator overages, etc., at Board fixed prices basis in store Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:

Sales at Class II prices.....

Sales under authority of Order-in-Council P.C. 1116 of 20th February, 1945:

Section 2A—Interim Mutual Aid.....

Section 3 —Replenishment account.....

Section 8 —Domestic.....

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Add: Funds to be transferred from the 1945 Crop Account under authority of Order-in-Council P.C. 4869 of 26th November, 1946, so that the provision of wheat for domestic purposes shall be more equitably divided between the 1944 and 1945 Crop Accounts.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Administrative and general expenses to 31st July, 1945.....

Add: Proportion of administration and general expenses for the year ended 31st July, 1946.....

Deduct: Carrying costs to be recovered from Crown Wheat Account under authority of Section 10 of Order-in-Council P.C. 1116 of 20th February, 1945.....

Surplus from the operations of the Wheat Board on 1944 Crop Account Western Division, for the period from 1st August 1944 to 31st July, 1946.....

EXHIBIT VI

WHEAT BOARD

Western Division

OPERATIONS

1944 to 31st July, 1946

BUSHEL		AMOUNT	
352,397,056-10		\$427,916,465.97	
2,219,453-00		<u>2,716,417.23</u>	
<u>354,616,509-10</u>			\$430,632,883.20
	147,830,670-03	\$223,426,228.97	
48,311,877-10	\$ 71,187,795.86		
75,491,831-57	106,595,092.04		
82,982,130-00	<u>99,216,277.79</u>	<u>276,999,165.69</u>	
<u>206,785,839-07</u>			500,425,394.66
<u>354,616,509-10</u>			<u>69,792,511.46</u>
			12,000,000.00
			<u>81,792,511.46</u>
	\$ 10,482,437.27		
	<u>5,421,446.20</u>	\$ 15,903,883.47	
		3,371,436.80	
		1,660,651.48	
		69,241.92	
		14,561.88	
	\$ 416,476.66		
	<u>288,537.73</u>	<u>705,014.39</u>	
		21,724,789.94	
		<u>5,083,715.21</u>	<u>16,641,074.73</u>
			<u>\$ 65,151,436.73</u>

Is there anything on exhibit 6?

By Mr. Burton:

Q. You have there sales at class 2 prices. Would you elaborate on that a little?—A. Pardon?

Q. You have wheat sold, and then sales at class 2 prices?—A. That is just what it is, the sale of that quantity of wheat at the existing class 2 prices effective from the 1st of August, 1944, to the completion of the marketing of that crop.

Q. Did any of the tables produced to-day cover the various countries where that wheat was sold and the price at which it was sold?

Mr. McIvor: The table was tabled to-day gave the class 2 prices over a period of time. The report itself shows the distribution of the sales to the various countries. I feel that it would be inadvisable to say that we sold the Netherlands a cargo of wheat at say \$2, and we sold one to Belgium another day at \$2.05 and so on. I think that might make for some difficulties. These countries might be comparing one with the other as to why they paid \$2 and \$2.05. We have never tied our individual sales in with each individual country. We have many changes of price over a period.

Mr. BURTON: That brings us right to the question of how you arrive at the price of say \$2 to-day to one country and \$2.05 per bushel another day to another country. Was it by direct negotiation between some agency in this country acting on behalf of the board and these other countries? Just how did that occur? How did they arrive at what they would call a fair price on that day?

Mr. McIvor: I think I said this morning what I would like to do is to give a very carefully prepared statement to the committee on that question. I have not had an opportunity to prepare it yet, but I do not believe that is the kind of question I should attempt to answer offhand. It is too important a question. If I may, perhaps I can make a statement in the morning.

The CHAIRMAN: Is there anything else in exhibit 6?

By Mr. Bentley:

Q. On both exhibits 5 and 6 there is an item of \$12,000,000 flat. How was that arbitrary figure arrived at? Apparently it is for equalization purposes to provide an amount for the 1945 crop account. Just what was that?—A. At the time that item was under consideration I think it was estimated that the domestic wheat to be supplied from 1944 crop account in terms in order of council No. 1116 would run roughly about 80,000,000. There was a difference of 30 cents a bushel between the domestic price of \$1.25 and the then existing class 2 price. All of the domestic wheat for the fiscal year 1945-46 was to be taken out of this crop in terms of 1116 but it was subsequently decided—and I think rightly so—that there was no particular point why the 1944 producer should bear the cost of supplying all that domestic. It was decided to split the burden with the continuing 1945 crop and, as I say, the exact figure was not known at the time. They estimated 80,000,000, and that is how the \$12,000,000 arises, 30 cents a bushel on 40,000,000 bushels.

Q. I agree with the view that the 1944 producers should not have been charged with the total amount. I hope the Wheat Board will accept the position some day that they should not be charged with any of that at any time and make a recommendation to that effect to the government and have the whole thing wiped out.

The CHAIRMAN: Any other questions on exhibit 6?

By Mr. Menary:

Q. As to item 2, purchases of overages at terminal and country elevators what would that be? Who would get the money?—A. That is the same type of item we mentioned in connection with the Crown account. I should say that the board is not aware actually at the time these overages develop and are developing at the terminal point. Being what has been called a monopoly board all wheat, regardless of its source, when it has been taken into the country elevator, is eventually shipped out and has to be delivered to and has to be accepted by the board. This simply represents deliveries in excess of the amount that the companies previously reported as having purchased from producers. That is what that item is practically in its entirety. It was subsequently definitely determined on the basis of the country elevator weigh-overs as at the 31st of July, 1945 and reported and adjusted in the fiscal year 1945-46.

Mr. WRIGHT: In other words, Mr. Menary, it is extra money the producers get that they would not see if we did not have the pool.

Mr. McIVOR: I should like to supplement that because I do not believe your explanation quite covers the position from my standpoint or from the standpoint of the board.

The WITNESS: I am not a board employee. That is the trouble.

Mr. McIVOR: You are doing very well. I am inclined to think you should be. I might say this overage figure looks very big and is big, but it is the accumulated business over a series of years. In the ordinary course of events elevator companies would have a weigh-over each year and they would have an overage amount but with the huge stocks of wheat they were carrying year in and year out in country elevators they never could reach a cut-off or weigh-over and it was left until the stocks were shipped down before they were able to weigh over.

Mr. BURTON: I believe last year we discussed that very question.

Mr. McIVOR: It looks so large there.

Hon. Mr. GARDINER: It is not one year's overage.

Mr. McIVOR: No, it is the accumulation of three or four years.

Mr. TOWNLEY-SMITH: It is a very large amount in the aggregate but if it were divided up amongst the number of elevators it would not loom so big.

Mr. McIVOR: It is three or four years' accumulation.

The CHAIRMAN: Is there anything else on exhibit 6?

Carried.

THE CANADIAN WHEAT BOARD
STATEMENT OF FINAL PAYMENTS TO PRODUCERS

To 31st July 1946

	Total amounts payable to Producers	Cheques cashed by Producers to 31st July 1946	Balances payable to Producers as at 31st July 1946
1940 Wheat Crop Account.....	\$ 26,081,800.16	\$ 25,663,689.49	\$ 418,110.67
1941 Wheat Crop Account.....	15,305,476.69	15,047,973.12	257,503.57
1942 Wheat Crop Account.....	19,692,770.12	19,378,673.71	314,096.41
1943 Wheat Crop Account.....	36,423,876.18		36,423,876.18
Total Wheat— Western Division.....	<u>\$ 97,503,923.15</u>	<u>\$ 60,090,336.32</u>	<u>\$ 37,413,586.83</u>
1942 Crop Oats and Barley Equalization Funds— P.C. 4450.....	\$ 1,570,750.97	\$ 1,564,220.60	\$ 6,530.37
1943 Crop Oats Equalization Fund—P.C. 4450 and 8898.....	8,867,004.74	8,810,549.16	56,455.58
1944 Crop Barley Equalization Fund—P.C. 5998—(Exhibit XIV.).....	6,106,932.94	5,518,206.41	588,726.53
Total Oats and Barley.....	<u>\$ 16,544,688.65</u>	<u>\$ 15,892,976.17</u>	<u>\$ 651,712.48</u>
1944 Ontario Wheat Equalization Fund— P.C. 1638—(Exhibit XXIII.).....	\$ 188,226.09	\$ 161,838.66	\$ 26,387.43
Total—all Accounts.....	<u>\$ 114,236,837.89</u>	<u>\$ 76,145,151.15</u>	<u>\$ 38,091,686.74</u>

By Mr. Bentley:

Q. Has the Wheat Board got any official information as to why \$37,000,000 of outstanding certificates are out? Would it be embarrassing to answer that?—
A. I think I can deal with that. You will see the bulk of that is the 1943 crop which was just prior to that crop being closed for payment purposes. That is very much the larger item of the \$37,000,000 mentioned there. You can see in connection with the older crops it has got down to what I referred to as the hard core of the problem, \$418,000 left on 1940 and so forth. Those are the items in connection with which all the searching has to be done, and so forth.

Q. They are not big but the other one is.—A. As to the other one the reason was that at that particular date, the 31st of July, 1946, distribution had not commenced yet.

Q. That is likely down quite a lot now?—A. Oh, yes, very definitely.

The CHAIRMAN: Are you satisfied with exhibit 7?

Carried.

THE CANADIAN WHEAT BOARD

STATEMENT OF AMOUNTS DUE FROM THE DOMINION GOVERNMENT

Coarse Grains and Seeds Accounts

As at 31st July 1946

Flax Division:

Deficits resulting from operations:

1945 Crop Account—P.C. 2550—(Exhibit IX.)..... \$ 2,510,417.07

1944 Crop Account—P.C. 1350—(Exhibit X.)..... 4,098,108.66

6,608,525.73

Deduct: Surplus on 1943 Crop Account—P.C. 7325—
(Exhibit XI.).....

1,726,958.29 \$ 4,881,567.44

Oats and Barley Division:

Deficits in Equalization Funds:

1945 Equalization Funds—P.C. 2550 and 6238—
(Exhibit XII.).....

\$ 14,166,729.17

1944 Oats Equalization Fund—P.C. 5998—
(Exhibit XIII.).....

1,466,272.47

1943 Barley Equalization Fund—P.C. 4450 and 8898—
(Exhibit XV.).....

55,739.44

15,688,741.08

Seeds Division:

Deficits resulting from operations:

1945 Crop Account—P.C. 859—(Exhibit XVI.)..... \$ 62,898.86

1944 Crop Account—P.C. 4131— (Exhibit XVII.)..... 112,850.00

1943 Crop Account—P.C. 2894— (Exhibit XVIII.)..... 100,001.68

275,750.54

Total amounts due from the Dominion Government, Coarse
Grains and Seeds Accounts, as at 31st July 1946.....

20,846,059.06

Less: Funds transferred from the Department of Finance,
Ottawa.....

90,589.38

\$ 20,755,469.68

By Mr. Harkness:

Q. As to exhibit 8, are these amounts shown as being due from the dominion government for flax, oats, barley and seeds the aggregate of the amounts of money which the Wheat Board lost—I do not like to say lost, but showed a deficit on during the period it has been handling these grains?—A. That is not the total amount of these deficits. On the 30th of April, 1945, the dominion government paid the final deficit on three other accounts, being the 1941-42 flax crop, 1943 soy beans, and so on. You will see an exhibit on that later, but the ones you see here on exhibit 8 are those which at that date had not yet been finally cleared and paid by the treasury department.

Q. What is the other exhibit showing the other payments?—A. Exhibit 24.

Q. There is nothing for flax there, is there?—A. Yes, the 1941-42 crop flax account.

Q. Then if those figures are added to the figures in exhibit 8 that, of course, as far as flax, soy beans, barley oats, rape seed, and so forth, would be the total loss or deficits which have been secured?—A. Yes.

Q. Through carrying out the government policy on the sale of those products?—A. With the exception of the last figure, the 1943 rape seed crop, \$90,000, which is shown in exhibit 8 as a deduction from the total because it is a payment on account, as it were. The figures Mr. McIvor tabled this morning in his statement give the complete history of all of these accounts from inception down to July 31, 1946.

Q. Those are the figures which were tabled but were not read?

Mr. McIVOR: I did not think the committee wanted them read. They are all there.

Mr. BENTLEY: Actually it is a subsidy to the users of the end product. It is not a loss to the Wheat Board at all. It is simply a government subsidy to the consumer.

Mr. HARKNESS: I said I did not want to use the word "loss"—What I was trying to get at what was the total cost to the dominion treasury of these various policies which were pursued by the government?

Mr. McIVOR: Perhaps the committee would like to have those figures read?

Mr. HARKNESS: Personally what I should like to have is a set of figures given to us to show what the deficits have been on wheat, flax, oats, barley and so forth up to date which the dominion treasury either has met or will have to meet as a result of the policies which have been pursued. I am not asking about the policies. I want to know what the figures are.

Mr. McIVOR: Would you like me to read that?

Mr. BENTLEY: Would it not save time if you had that mimeographed and hand it to the members?

Mr. McIVOR: They will all be in the record, but if they are mimeographed to-night we will have them.

Mr. HARKNESS: What I would like are the deficits, wheat so much, oats so much, flax so much, and so on, so that you have the whole picture in one small table.

Mr. McIVOR: You will have that, Mr. Davidson?

Mr. WILSON: It is a matter of getting it typed. I think our office staff has gone for the night.

Mr. HARKNESS: I do not think it should take very long. The whole thing should not amount to more than six items with the amounts opposite each.

Mr. McIVOR: They are all in the statement here.

Mr. HARKNESS: The trouble is that they appear there all mixed up.

Mr. McIVOR: They are all in the supplementary statement here. It is just a case of having them run off.

Mr. SINNOTT: Could that not be embodied in the minutes?

Mr. McIVOR: They are in there now.

Mr. HARKNESS: The simpler it is the better because you have many items there with the different years, and so forth, and it merely mixes up a man's ideas.

Mr. McIVOR: We will have that run off over night and have mimeographed copies available for the committee the first thing in the morning.

The CHAIRMAN: Are you satisfied with exhibit IX?

Carried.

THE CANADIAN
1945 Crop Account
STATEMENT OF
For the year ended

Flax acquired:

Delivered or to be delivered at Board fixed prices basis in store Fort William/Port Arthur or Montreal.....
Purchased from 1944 Crop Account at Board fixed prices 31st July, 1946, basis in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur or Montreal.....
Uncompleted sales contracts at contract prices.....

Net proceeds from sales.....

Stocks of flax on hand, valued on the basis of Board prices as at 1st August, 1946—P.C. 3222, basis in store Fort William/Port Arthur or Montreal.....

Deduct: Provision for stocks to be sold to domestic crushers and processors at maximum prices—P.C. 3222 and 3856.....

Deficit on cash flax transactions.....

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....
Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Administrative and general expenses.....

Deficit from the operations of the Wheat Board on 1945 Crop Account, Flax Division—P.C. 2550, for the year ended 31st July, 1946.....

Carried.

WHEAT BOARD

Flax Division—P.C. 2550

OPERATIONS

31st July, 1946

BUSHEL		AMOUNT	
4,856,203-24		\$13,314,260.21	
<u>17,371-28</u>		<u>40,410.42</u>	
	<u>4,873,574-52</u>		\$13,354,670.63
4,593,812-49	\$10,392,048.95		
<u>1,227-41</u>	<u>2,035.59</u>		
	4,595,040-34	\$10,394,084.54	
	278,534-18	\$ 887,066.88	
		<u>110,964.07</u>	
	<u>4,873,574-52</u>	<u>776,102.81</u>	<u>11,170,187.35</u>
			\$ 2,184,483.28
	\$ 147,414.64		
	<u>47,588.61</u>		
		\$ 195,003.25	
		103,152.91	
		9,594.69	
		94.37	
		<u>18,088.57</u>	
			<u>325,933.79</u>
			<u>\$ 2,510,417.07</u>

THE CANADIAN
1944 Crop Account
STATEMENT OF
For the period from 1st August

Flax acquired:

Delivered at Board fixed prices basis in store Fort William/Port Arthur or Montreal.....
Purchased from 1943 Crop Account at Board fixed prices 31st July, 1945 basis in store Fort
William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur or Montreal.....
Deficit on cash flax transactions.....

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....
Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Dockage on special shipments via Fort William/Port Arthur.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Administrative and general expenses to 31st July 1945.....

Add: Proportion of administrative and general expenses for the year ended 31st July 1946.....

Deficit from the operations of the Wheat Board on 1944 Crop Account, Flax
Division—P.C. 1350, for the period from 1st August 1944 to 31st July 1946.....

Carried.

WHEAT BOARD
 Flax Division—P.C. 1350
 OPERATIONS
 1944 to 31st July 1946

BUSHELS		AMOUNT	
7,261,383-40		\$19,915,322.87	
<u>18,989-23</u>	<u>7,280,373-07</u>	<u>47,345.17</u>	\$19,962,668.04
	<u>7,280,373-07</u>		<u>16,463,172.96</u>
			\$ 3,499,495.08
		<u>\$182,681.67</u>	
		86,519.44	\$ 269,201.11
			240,552.96
			66,204.87
		(	155.64)
			136.12
		\$ 21,174.38	
		<u>1,499.78</u>	<u>22,674.16</u>
			<u>598,613.58</u>
			<u>\$ 4,098,108.6</u>

EXHIBIT XI

THE CANADIAN WHEAT BOARD

1943 Crop Account, Flax Division—P.C. 7325

STATEMENT OF SURPLUS

For the year ended 31st July 1946

Surplus from the operations of the Wheat Board on 1943 Crop Account, Flax Division— P.C. 7325, for the period from 1st August 1943 to 31st July 1945.....	\$ 1,675,676.98
Add: Sundry freight adjustments, etc.....	21.00
Interest credited on surplus funds.....	51,260.31
	<hr/>
Surplus from the operations of the Wheat Board on 1943 Crop Account, Flax Division— P.C. 7325, for the period from 1st August 1943 to 31st July 1946.....	\$ 1,726,958.29
Carried.	

EXHIBIT XII

THE CANADIAN WHEAT BOARD

STATEMENT OF 1945 OATS AND BARLEY EQUALIZATION FUNDS

P.C. 2550 and 6238

For the year ended 31st July 1946

	Oats Equalization Fund	Barley Equalization Fund	Total
Equalization fees collected.....	\$ 11,359,033.51	\$ 983,735.37	\$ 12,342,768.88
Deduct: Advance equalization payments to Producers.....	\$ 11,394,706.61	\$ 14,650,409.97	\$26,045,116.58
Interest and commission allowed to Agents re the above payments.....	53,690.37	70,511.52	124,201.89
Bank charges.....	8.63	4.25	12.88
Commission paid to Agents.....	1,100.00	100.00	1,200.00
Interest.....	3,471.79	243,540.97	247,012.76
Administrative and general expenses....	59,765.00	32,188.94	91,953.94
	<hr/>	<hr/>	<hr/>
	\$ 11,512,742.40	\$ 14,996,755.65	\$ 26,509,498.05
Deficit on 1945 Oats and Barley Equalization Funds—P.C. 2550 and 6238, to 31st July 1946..	<hr/>	<hr/>	<hr/>
	\$ 153,708.89	\$ 14,013,020.28	\$ 14,166,729.17

By Mr. Wright:

Q. On exhibit 12, what are the various items of commissions allowed on the sale of the coarse grains? You use the exchange, do you not, in disposing of coarse grains?—A. I was going to say the largest items you see there are commissions in connection with the disbursement of the advance equalization payments allowed to the handling companies.

Q. That is the biggest item; that is to the elevator companies. What I wanted to get at was, do you not use the exchange in the sales of these various amounts?

Mr. McIVOR: Yes.

Mr. WRIGHT: Where are the commissions you pay?

Mr. McIVOR: We do not pay any commission on any oats or barley that are exported. We fix an equalization fee. Any commission they obtain they

must obtain on the sale of the oats and barley when they sell it in the markets in the United States or overseas.

Mr. WRIGHT: They make the sales?

Mr. McIVOR: Yes, we just fix the equalization fee.

By Mr. Townley-Smith:

Q. What other commissions are paid except these equalization fees? You have an item for "interest and commission allowed to agents". Then, a little further down, "interest" and another item "Commission paid to agents" what other commissions and other interests are there?—A. The second item you mentioned, the commission paid to agents totals \$1,200 and that is to a broker, I believe.

Mr. McIVOR: We have an agent in Montreal. We do not have an office there. We use this man to advise us every day what the amount of the equalization fee will be in regard to the export of oats and barley. This is simply an allowance we pay him. He accepts applications for export as well.

Mr. TOWNLEY-SMITH: Now, the fourth and fifth items.

The WITNESS: The interest, totalling \$247,000 you can see that this amount, particularly on barley, is the result of not collecting any equalization fees which meant that the advance payments had to be financed throughout the whole year at 3 per cent on the money necessary to finance this account. That is what this interest totalling \$247,000 is. The last amount is the allocation of that portion of the administrative and general expenses considered to be applicable to those equalization fees in that year.

Mr. WRIGHT: On the basis of what market in the United States are the equalization payments fixed?

Mr. McIVOR: There is nothing going there now, of course, but in years past the highest market we could obtain. For example, there were times when Minneapolis or Milwaukee markets on barley were lower than the markets in the east. We would base it on the market in which there was demand.

The CHAIRMAN: Are you satisfied with exhibit 12?

Carried.

EXHIBIT XIII

THE CANADIAN WHEAT BOARD
STATEMENT OF 1944 OATS EQUALIZATION FUND

P.C. 5998

For the period from 1st August 1944 to 31st July 1946

Equalization fees collected.....	\$ 12,647,280.91	
Profit on purchase and sale of 896,000-00 bushels of oats futures....	3,342.50	\$ 12,650,623.41
Deduct: Advance equalization payments to Producers.....	\$ 13,969,882.94	
Interest allowed to Agents re the above payments.....	67,965.90	
Interest and bank charges.....	1,469.72	
Brokerage and Clearing House Charges.....	458.77	
Commission paid to Agent.....	500.00	
Administrative and general expenses:		
For the year ended 31st July 1945.....	72,538.19	
For the year ended 31st July 1946.....	4,080.36	14,116,895.88
Deficit on 1944 Oats Equalization Fund—P.C. 5998, to 31st July 1946.....		\$ 1,466,272.47

Mr. BURTON: On exhibit 13, the first item is "equalization fees collected \$12,647,280.91;" that is from the sale of coarse grains mostly to the United States, is it?

Mr. McIVOR: Those are oats and they would be sent to the United States and to Europe.

Mr. BURTON: Then, the next item there is "Profit on purchase and sale of 896,000 bushels of oats futures"; that is added to your equalization fee. At this point I might say, incidentally, for the benefit of those who do not know the viciousness of the gambling system that, with the huge account which can be handled by a board like this, if they can only show a profit of that size, the individual has not much chance.

What I am driving at is this, Mr. Chairman; I am making an enquiry here, but I do not want Mr. McIvor to think it is strange coming from a farmer or from a member representing farmers. How do you arrive at paying advance equalization payments to the producer amounting to \$13,969,882.94, when you only had \$12,650,623.41 in the fund? Then, later on you add some other administrative costs, interest and so on, until finally you show a deficit on the 1944 oats equalization fund amounting to \$1,466,272.47?

Mr. McIVOR: We paid out more to the farmers than we could collect in the sale of our equalization fees. We had a guaranteed fee on oats of 10 cents a bushel. On every bushel of oats that was delivered in western Canada, we had to pay the farmer 10 cents. When we came to authorize the sale of the oats and collect the equalization fees we did not recover the amount we paid to the producer.

Mr. BURTON: Then, when the oats for which you paid money to the producer and carried your equalization fee in advance, were sold and quite properly so, the bulk of it was sold in Canada to help in the production of live stock. The amount of oats you could sell was not sufficient in volume to equal your equalization fees?

Mr. McIVOR: Yes, that is right, but I do not like to leave this item of 869,000 bushels. Those are oats which we bought in the futures market. Though somebody suggested we could have bought them cheaper, we bought them at the guaranteed price of 45 cents a bushel, which we had to do under the law.

Mr. ROSS: You did not make enough profit there or you would have been in a better position now.

Mr. WRIGHT: I thought during that year coarse grain sold at the ceiling throughout the whole year?

Mr. McIVOR: There was an early part of the year when the oat market was down. We bought that small quantity right at the start of the season.

Mr. BURTON: Mr. Chairman, it is nothing important, but the heading on the page is, "For the period from August 1, 1944 to July 31, 1946". However, the statement finishes up with the statement to which I just referred about the deficit in 1944 and apparently it deals more with the one year.

The WITNESS: That is quite correct, sir, but until such time as these accounts—a deficit, as you know, is charged against the federal treasury, and as long as the account is open—well, I should not say that exactly either. It should be completed in the one year, as you suggest, but we have not been able to do that. There are tag ends on these advance payments which carry over for a number of months beyond the end of the year. The companies are late in reporting them, so if we closed the accounts out and settled with the government at the end of the first year we would be out money. That is the reason for this statement.

Mr. BURTON: This is incomplete in that the whole business has not been wound up.

The WITNESS: It has been wound up now. Normally it covers the crop year 1944-1945, but in fact, we have had to keep it open to cover these tag ends.

Mr. WRIGHT: Can you give us the total amount of the oats handled in that year, 1944?

Mr. McIVOR: We did not handle any. You mean the amount we collected fees on?

Mr. WRIGHT: The amount you paid fees on.

Mr. McIVOR: We have not the information here, but I think you can easily figure it out. We paid in fees about \$13,000,000 so there would be \$139,000,000, roughly.

The CHAIRMAN: Are they any other questions on exhibit 13?
Carried.

Exhibit XIV, respecting barley?

EXHIBIT XIV

THE CANADIAN WHEAT BOARD

STATEMENT OF 1944 BARLEY EQUALIZATION FUND
P.C. 5998

For the period from 1st August, 1944 to 31st March, 1946

Equalization fees collected.....	\$18,092,682.33	
Interest credited on surplus funds.....	248,150.85	\$18,340,833.18
Deduct: Advance equalization payments to Producers.....	12,065,365.03	
Interest allowed to Agents re the above payments.....	56,153.59	
Bank charges.....	4.04	
Administrative and general expenses for the year ended 31st July, 1945.....	36,639.27	
Provision for the expenses of issuing final payments to Producers and other expenses.....	75,738.31	12,233,900.24
Surplus payable to Producers on 1944 Barley Equalization Fund— P.C. 5998, as at 31st March, 1946.....		\$ 6,106,932.94

EXHIBIT XV

THE CANADIAN WHEAT BOARD

1943 Barley Equalization Fund—P.C. 4450 and 8898

STATEMENT OF DEFICIT

For the year ended 31st July, 1946

Deficit on 1943 Barley Equalization Fund to 31st July, 1945.....		\$ 53,637.65
Deduct: Refund of advance equalization payment.....		.86
		53,636.79
Add: Interest on deficit to 31st July, 1946.....	\$ 1,602.65	
Administrative and general expenses for the year ended 31st July, 1946.....	500.00	2,102.65
Deficit on 1943 Barley Equalization Fund— P.C. 4450 and 8898, to 31st July, 1946.....		\$ 55,739.44

Mr. HARKNESS: I see there was a small deficit in the 1943 barley equalization and a big profit of \$6,000,000 in 1944. What was the reason for that? Did the price of barley go up?

Mr. McIVOR: No, that is referred to in the early part of the report. The exports in that particular year were limited due to the needs in Canada. As the exports increased, of course, the funds increased.

The WITNESS: I might add in connection with that question, sir, that this statement does not give a proper picture of the 1943 barley fund because it is after deducting the amount of \$2,063,000 received from the treasury on April 30, 1945.

Mr. HARKNESS: The deficit was really \$2,000,000 more than that?

The WITNESS: In the statement to which you are referring it is shown—I have that right here. Actually, that deficit on 1943 barley is \$2,118,099 of which the treasury, as I say, did pay \$2,053,000 on the 30th of April, 1945. This is just the balance.

The CHAIRMAN: Are you satisfied with 15?
Carried.

Are you satisfied with 16?

Mr. BURTON: I think we had better stop here. It is six o'clock and we only have an hour for dinner.

The CHAIRMAN: We will have exhibit 16 up for consideration when we start to-morrow morning. I do not know what room the meeting will be held in, so please watch your notice. The committee is adjourned until eleven o'clock to-morrow morning.

The committee adjourned at 6.00 p.m. to resume again on Thursday, July 3, 1947, at 11.00 a.m.

EXHIBIT "A"

Wheat Milled for Consumption in Canada

1938-39	47.2
1939-40	49.5
1940-41	43.1
1941-42	43.5
1942-43	49.7
1943-44	49.0
1944-45	49.2
1945-46	58.3
1946-47 (Est.)	57.3

CLASS II PRICES

1943-44

NO. 1 NORTHERN WHEAT IN STORE FORT WILLIAM-PORT ARTHUR OR VANCOUVER

Day	August	September	October	November	December	January	February	March	April	May	June	July
1				129	137		146	146	148	148	148	
2				130	138		145	146	148	148	148	
3				130	138	144	146	146	148	148	148	140
4				130	139	144	146	146	148	148		140
5				130		146	145		148	148		140
6				130	140	146		146	148	148	148	140
7					141	146		146			148	139
8				130	141	146	145	146	148	148	148	140
9				130	140		146	146		148	148	
10				130	141	147	145	146	148	148	146	139
11				130	142	147	145	146	148	148		139
12				130		147	145		148	148		139
13				130	142	146		146	148	148	144	139
14					142	146		145	148		142	138
15				130	144	145	144	146	148		141	139
16				130	143		144	147		148	143	
17				132	143	144	144	147	148	148	143	138
18				133	142	144	144	147	148	148		137
19					134	144	144		148	148		137
20			128	135	142	145		148	148	148	142	137
21			128		141	145	144	148	148		140	137
22			128	136	141	145	144	148	148	148	139	137
23			128	136	141		144	148		148	140	136
24				136	141	145	145	148	148		139	136
25			128	136		146	145	148	148	148		136
26			128	136		146	145		148	148	139	137
27			128	136		146		148	148	148	140	137
28			128½			142	146	146	148	148	141	137
29			129½	136	142	147	145	148	148	148	141	136
30			129	137	143			148		148	141	
31					144	147		148		148		137

AGRICULTURE AND COLONIZATION

CLASS II PRICES

1944-45

NO. 1 NORTHERN WHEAT IN STORE FORT WILLIAM-PORT ARTHUR OR VANCOUVER

Day	August	September	October	November	December	January	February	March	April	May	June	July
1	137	135		145	146		148	151		154	155	
2	137	135	138	145	146	147	148	151	153	154	155	
3	137		138	146		148	149	152	153	154		155
4	137		142	146		146	148		154	154	155	155
5	136	135	142	147	148	147	150	152	153	154	155	155
6		134	142	146	146	148	150	152	153		155	155
7		134	142	146	147		150	153			155	155
8	134	134		147	147	148	150	153			155	
9	134	134		147	148	147	150	152	154	154	155	155
10	135		142	147		146	150	152	154	154		155
11	135	135	143	147	148	146			154	154	155	155
12	134	135	143		148	146	150	153	154	154	155	155
13		136	143	147	148	146	150	153	154		155	155
14	134	136	143	147	147		150	153		154	155	155
15	134	136		147	147	145	150	153		155	155	
16	134	136		143	146	146	150	153	154	155	155	155
17	135		144	146		144	150	153	154	155		155
18	135	137	144	147	146	144			154	155	155	155
19	135	137	144		146	144	150	153	154	155	155	155
20		136	144	147	145	143	150	152	153		155	155
21	135	136	144	147	145		151	152	153	155	155	155
22	135	136		147	145	143	151	152		155	155	
23	135	136	144	147	145	143	151	152	154	155	155	155
24	135		144	147		143	151	152	154		155	155
25	136	138	145	147		144			154	155	155	155
26	136	138	145		146	146	151	152	154	155	155	155
27		138	145	145	146	146	151	152	154	155	155	155
28	136	138	145	144	146		151	152	154	155	155	155
29	136	138		145	146	146		153		155	155	
30	135	138	145	145	146	147			154	155	155	155
31	136		146			148		153		155		155

CLASS II PRICES

1945-46

August 1, 1945 to July 31, 1946, the Board's Class II Price for No. 1 Northern Wheat basis in store Fort William/Port Arthur or Vancouver, was \$1.55 per bushel.

CLASS II PRICES

1946-47

NO. 1 NORTHERN WHEAT IN STORE FORT WILLIAM/PORT ARTHUR OR VANCOUVER

Day	August	September	October	November	December	January	February	March	April	May	June	July
1		205	212	221								
2	205		212	223				234	274	284	288	
3	205	205	212		217	227			275	286	279	
4		205	212	225	218	227	234	272	275	284	278	
5	(Holiday)	205	212	228	218	227	235	268			278	
6	205	205		228	219		237	274	277	284	276	
7	205	205	212	228	220	228	240	274		284	276	
8	205		212	227		229	240	275	281	285	272	
9	205	205	212	225		229	242	280	281	286		
10	205	205	212		225	227			287	285	272	
11		205	214		227	226	244	290	291	283	264	
12	205	205	216	225	229	226	244	286	293		259	
13	205	205		223	229		244	285	289	284	258	
14	205	205	(Holiday)	224	232	226	244	294		287	256	
15	205		218	227	232	227	244	297	284	295	255	
16	205	205	220	227		228	244	301	285	290		
17	205	205	220		234	228			287	281	250	
18		205	217	228	234	228	247	310	289	282	250	
19	205	207	214	230	234	228	249	297	289		253	
20	205	208		230	231		249	287	288	284	254	
21	205	208		231	230	228	251	282		289	253	
22	205		214	231	230	227	251	284	285	290	253	
23	205	209	215	232		227	251	290	286	288		
24	205	210	216	233	227	227			287	289	253	
25		212	215		227	227	251	300	286	(Holiday)	249	
26	205	212	215	234		227	251	305	289		249	
27	205	212		233			253	306	289	291	250	
28	205	212		230	227	227	253	296		296	248	
29	205		218	228	227	227	259	290	283	306	245	
30	205	212	219	225		227			290	299		
31	205		219	222	227	229			285	299		
			220		227	232		284		289		

STANDING COMMITTEE

U.S. WHEAT PRICES—1945-46

August.....	1-64 $\frac{5}{8}$	Chicago—September	Futures
September.....	1-68 $\frac{3}{8}$	“ December	“
October.....	1-76 $\frac{1}{8}$	“ “	“
November.....	1-80 $\frac{1}{8}$	“ “	“
December.....	1-80 $\frac{1}{2}$	“ May	“
January.....	1-80 $\frac{1}{2}$	“ “	“
February.....	1-80 $\frac{1}{2}$	“ “	“
March.....	1-83 $\frac{1}{4}$	“ “	“
April.....	1-83 $\frac{1}{4}$	“ July	“
May.....	1-83 $\frac{1}{4}$	“ “	“
June.....	1-95 $\frac{1}{4}$ *	“ “	“
July.....			

*Trading Suspended on June 13, 1945.
U.S. Prices affected by Price Ceilings.

SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Including Fourth Report to the House

REPORT OF THE CANADIAN WHEAT BOARD
FOR THE CROP YEAR 1945-46

THURSDAY, JULY 3, 1947

WITNESSES:

Mr. George McIvor, Chief Commissioner, The Canadian Wheat Board.
Mr. W. W. McVey, C.A., representing Millar, Macdonald and Co.,
Chartered Accountants, Auditors to the Canadian Wheat Board.

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

1947

REPORT TO THE HOUSE

TUESDAY, July 15, 1947

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

FOURTH REPORT

Pursuant to the Order of Reference of Friday, June 20, 1947, your Committee has reviewed the report and the accounts of the Canadian Wheat Board for the crop year 1945-1946. Five meetings were held during which the following officers of the Canadian Wheat Board appeared as witnesses:

Mr. George McIvor, Chief Commissioner,
Mr. W. C. MacNamara, Assistant Chief Commissioner,
Mr. C. B. Davidson, Executive Assistant.

The firm of Millar, MacDonald & Co., Chartered Accountants, Auditors to the Canadian Wheat Board, was represented before the Committee by Mr. W. W. McVey, C.A., who appeared as a witness. Mr. McVey, at the same time, substituted for Mr. R. C. Findlay, Comptroller of the Canadian Wheat Board, who, the Committee learned with regret, was prevented to appear owing to a serious illness.

Certain statements in answer to enquiries made by members of the Committee have been filed and appear as appendices to the printed record of proceedings and evidence of the Committee.

The Committee desires to express its appreciation to the above-named officers for the comprehensive and lucid manner of presenting the reports and accounts.

Your Committee also wishes to express its satisfaction of the efficient administration of the said Board by the officers concerned and to recommend the acceptance of their Report the Crop Year 1945-1946 as representing an accurate account of the activities of the Canadian Wheat Board for that period.

Your Committee further recommends that the Report of the Canadian Wheat Board be tabled earlier in the Session so that it might be referred and dealt with at an earlier date by the Committee.

A copy of the relevant printed proceedings and evidence of your Committee—Nos. 3, 4 and 5—is appended.

All of which is respectfully submitted.

ROBERT McCUBBIN,
Chairman.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 497,

July 3, 1947.

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

Members present: Messrs. Argue, Barrett, Belzile, Bryce, Burton, Clark, Cloutier, Coyle, Douglas, Drope, Dubois, Fair, Golding, Gour, Harkness, Harris (*Grey-Bruce*), Hatfield, Jutras, Leger, McCubbin, Menary, Michaud, Robinson (*Bruce*), Ross (*Souris*), Senn, Sinnott, Townley-Smith, Warren, Whitman, Wright, Wylie.

In attendance: Mr. George McIvor, Chief Commissioner, Mr. W. C. McNamara, Assistant Chief Commissioner, Mr. C. B. Davidson, Executive Assistant, Mr. W. G. Malaher, Supervisor, Acreage and Permit Division, of the Canadian Wheat Board; Mr. W. W. McVey, C. A., and Mr. C. E. G. Earl, C. A., representing Millar, Macdonald & Co., Chartered Accountants, Auditors to the Canadian Wheat Board; Dr. C. F. Wilson, Director of the Wheat and Grain Division of the Department of Trade and Commerce.

The Committee resumed and concluded consideration of the Report of the Canadian Wheat Board for the crop year 1945-1946.

Mr. George McIvor and Mr. W. W. McVey, C.A., were recalled and questioned thereon.

In respect to certain questions asked at the meeting held on July 1st, it was agreed that the witness would prepare the answers, in writing, and forward same to the Chairman and Clerk of the Committee. (*See Appendices "A", "B" and "C".*)

It was also agreed that the Chairman, with a steering subcommittee to be named by himself:

- (a) Consider such replies to be filed at an early date;
- (b) Prepare a report for presentation to the House;

At 1.05 o'clock p.m. the Committee adjourned to the call of the Chair.

ANTOINE CHASSE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 3, 1947.

The Standing Committee on Agriculture and Colonization met this day at 11 a.m. The Chairman, Mr. R. McCubbin, presided.

The CHAIRMAN: When we adjourned last night at six o'clock we were discussing Exhibit XVI. Is there anything else on Exhibit XVI that you would like to ask this morning?

THE CANADIAN

1945 Crop Rapeseed and Sunflower

STATEMENT OF

For the year ended

	Rapeseed	POUNDS Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered at Board fixed prices basis F.O.B. shipping points.....	6,604,242	3,179,084
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	6,604,242	3,145,888
Shrinkage, grade gains and losses, etc., valued at Board fixed prices— per contra.....		33,196
	<u>6,604,242</u>	<u>3,179,084</u>
Surplus on rapeseed and sunflower seed transactions exclusive of transportation costs from country points to crusher plants.		
Deduct: Carrying costs, handling and transportation costs, interest, admin- istrative and general expenses, etc.....		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on sunflower seed ware- housed at interior terminals.....		
Freight and transportation charges, etc.—from country shipping points to crusher plants.....		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses etc.—per contra.....		
Drying and reconditioning charges.....		
Administrative and general expenses.....		
Deficit from the operations of the Wheat Board on 1945 Rape- seed and Sunflower Seed Account—P.C. 859, for the year ended 31st July, 1946.....		

EXHIBIT XVI

WHEAT BOARD

Seed Account — P.C. 859

OPERATIONS

31st July 1946

Total	Rapeseed	Sunflower Seed	AMOUNT	Total
<u>9,783,326</u>	<u>\$350,721.65</u>	<u>\$132,599.38</u>		<u>\$483,321.03</u>
9,750,130	\$350,721.65	\$132,114.66		\$482,836.31
33,196		492.30		492.30
<u>9,783,326</u>	<u>\$350,721.65</u>	<u>\$132,606.96</u>		<u>483,322.03</u>
				\$ 7.58
				\$ 103.94
				946.78
				16,357.89
				989.26
				39,108.29
		\$ 492.30		
		143.73		
		<u>636.03</u>		
		4,674.25		<u>62,907.44</u>
				<u>\$ 62,808.86</u>

Ward McVey, C.A., Millar, Macdonald & Co., recalled:

Mr. BURTON: Mr. Chairman, while I realize that the wheat board in handling sunflower seed and rapeseed are only concerned with the receiving and marketing of these products I wonder if they could enlighten the committee a little as to the possibilities of these being a feature that the farmer can depend on being fairly steady or whether it is only something that was brought on during the war years and may go out of the picture in the near future? Would Mr. McIvor be able to give us some idea as to what the prospects are for the future?

Mr. McIVOR: Well, Mr. Chairman, there are any one of a half-dozen opinions on that. A lot of people feel that once the South Pacific oils and copra and that sort of thing start to come to this country in volume that it will make very heavy inroads into the present market for sunflower and rapeseed. Others think it will be permanent and a thing which can be built up. Personally, I do not know much about the oil business, not enough to give any expert opinion on it. I know that I have heard many different views on the future of the growing of these seeds.

Mr. WRIGHT: It states here:

Deduct: Carrying costs, handling and transportation costs, interest, administrative and general expenses, etc.

What is the policy in regard to that? I know in our part of the country the farmers truck their own rapeseed direct to the Moose Jaw Plant. Is there a different price paid at the plant from that paid at country points from which it is shipped? What is the policy with regard to that?

Mr. McIVOR: This price is at the shipping point and we figure the cost of transportation. In the case where the farmer trucks in direct I would imagine there would be an arrangement between the processor and the man who delivers the seed.

Mr. WRIGHT: It seems to me there should be some allowance if the board can afford to pay freight charges if it is by the car. I am just wondering if there is an allowance to the farmer who trucks?

Mr. McIVOR: Quite possibly; I don't know, Mr. Wright. I would imagine there was an allowance by the processor.

Mr. BRYCE: In connection with that, how about this co-operative down in southern Manitoba who have a crushing plant; must they go to you or can they buy direct from the farmers?

Mr. McIVOR: No. The arrangement is that the fats and oils administrator allocates all these seeds and they can only obtain as allocation whatever it might happen to be.

Mr. BRYCE: And if they wanted any extra seed to crush they would have to go back to the administrator?

Mr. McIVOR: That is as I understand it, yes.

The CHAIRMAN: Shall we turn to Exhibit XVII? That is much the same.

THE CANADIAN
1944 Crop Rapeseed and Sunflower
STATEMENT OF
For the period from 1st August

	Rapeseed	POUNDS Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered at Board fixed prices basis F.O.B. shipping points.....	3,485,845	4,486,272
	3,485,845	4,486,272
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	3,485,845	4,316,328
Shrinkage, grade gains and losses, etc., valued at Board fixed prices —per contra.....		169,944
	3,485,845	4,486,272
Surplus on rapeseed and sunflower seed transactions exclusive of transportation costs from country points to crusher plants		
Deduct: Carrying costs, handling and transportation costs, interest, admin- istrative and general expenses, etc.....		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on rapeseed and sun- flower seed warehoused at interior terminals.....		
Freight and transportation charges, etc.—from country shipping points to crusher plants.....		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc.—per contra.....		
Drying and reconditioning charges.....		
Administrative and general expenses to 31st July 1945.....		
Add: Proportion of administrative and general expenses for the year ended 31st July 1946.....		
Deficit from the operations of the Wheat Board on 1944 Rape- seed and Sunflower Seed Account—P.C. 4131, for the period from 1st August 1944 to 31st July 1946.....		

WHEAT BOARD

Seed Account—P.C. 4131

OPERATIONS

1944 to 31st July 1946

		AMOUNT			
Total	Rapeseed	Sunflower Seed	Total		
<u>7,972,117</u>	<u>\$185,693.15</u>	<u>\$212,895.64</u>	<u>\$398,588.79</u>		
7,802,173	\$186,695.28	\$208,988.37	\$395,683.65		
169,944		4,622.84	4,622.84		
<u>7,972,117</u>	<u>\$186,695.28</u>	<u>\$213,611.21</u>	<u>400,306.49</u>		
			\$ 1,717.70		
			\$ 21,747.55		
			12,602.40		
			15,014.24		
			4,531.31		
			50,077.27		
			\$ 4,622.84		
			1,416.32		
			6,039.16		
			\$ 3,920.92		
			634.85		
			4,555.77		
			114,567.70		
			\$ 112,850.00		

THE CANADIAN
1943 Crop Rapeseed and Sunflower
STATEMENT OF
For the period from 1st August

	Rapeseed	POUNDS Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered at Board fixed prices basis F.O.B. shipping points.....	980,623	4,764,172
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	980,623	4,482,009
Shrinkage, grade gains and losses, etc., valued at Board fixed prices— per contra.....		282,163
	980,623	4,764,172
Surplus on rapeseed and sunflower seed transactions exclusive of transportation costs from country points to crusher plants.		
Deduct: Carrying costs, handling and transportation costs, interest, admin- istrative and general expenses, etc.		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on sunflower seed ware- housed at interior terminals.....		
Freight and transportation charges, etc.—from country shipping points to crusher plants.....		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc.—per contra.....		
Drying and reconditioning charges.....		
Brokerage charges.....		
Administrative and general expenses to 31st July 1945.....		
Add: Proportion of administrative and general expenses for the year ended 31st July 1946.....		
Deficit from the operations of the Wheat Board on 1943 Rape- seed and Sunflower Seed Account—P.C. 2894, for the period from 1st August 1943 to 31st July 1946.....		

NOTE: In respect of the deficit shown above, an amount of \$90,589.38 was funded by the Dominion Government on 30th April 1945.

WHEAT BOARD

Seed Account — P.C. 2894

OPERATIONS

1943 to 31st July 1946

<u>Total</u>	<u>Rapeseed</u>	<u>AMOUNT Sunflower Seed</u>	<u>Total</u>
<u>5,744,795</u>	\$ 54,455.45	\$ 221,989.94	\$ 276,445.39
5,462,632	\$ 54,455.45	\$ 222,142.97	\$ 276,598.42
282,163		6,401.41	6,401.41
<u>5,744,795</u>	<u>\$ 54,455.45</u>	<u>\$ 228,544.38</u>	<u>282,999.83</u>
			\$ 6,554.44
			\$ 10,157.50
			8,614.76
			12,246.95
			2,510.61
			58,094.47
		\$ 6,401.41	
		<u>3,365.43</u>	9,766.84
		\$ 5,040.37	2.97
		<u>121.65</u>	5,162.02
			<u>106,556.12</u>
			<u>\$ 100,001.68</u>

THE CANADIAN
STATEMENT OF DRAWBACK ACCOUNT
For the period from 1st August

Appropriations received from the Receiver General of Canada.....

Deduct: Drawback paid to millers and processors of wheat products.....
 Less: Drawback payments recovered from purchasers other than processors.....

Refund of excess profits received from the Commodity Prices Stabilization Corporation
 Limited.....

Balances, after net payments to millers and processors.....

Deduct: Proportion of administrative and general expenses for the fiscal years ended 31st July 1946, 1945,
 1944 and 1943.....

Balances of appropriations.....

Deduct: Interest expense and bank charges, net of interest earned on funds in banks.....

Deduct: Payments from Drawback funds for additional freight on shipments of wheat from country
 points to mills for domestic flour requirements.....

Balance of appropriations and net interest earned, as at 31st July 1946.....

Represented by:

Funds on deposit in banks.....	\$ 608,609.35
Amount due to 1945-49 Pool Account.....	39,188.75
	\$ 569,420.60

WHEAT BOARD

—P.C. 5768, 7319, 6602, 7323, 9457, 3438

1942 to 31st July 1946

1945 Drawback Account P.C. 5768	1944 Drawback Account P.C. 7319	1943 Drawback Account P.C. 6602 P.C. 7323	1942 Drawback Account P.C. 9457 P.C. 3438	Total
\$ 14,750,000.00	\$ 21,700,000.00	\$ 20,000,000.00	\$ 7,500,000.00	\$ 63,950,000.00
\$ 21,000,214.66	\$ 20,647,524.78	\$ 21,681,587.46	\$ 6,726,479.16	\$ 70,055,806.06
(301,235.47)	(133,093.26)	(80,587.89)	(9,367.44)	(524,284.06)
(89,685.82)	(2,373,699.92)	(3,902,445.87)		(6,365,831.61)
\$ 20,609,293.37	\$ 18,140,731.60	\$ 17,698,553.70	\$ 6,717,111.72	\$ 63,165,690.39
(\$ 5,859,293.37)	\$ 3,559,268.40	\$ 2,301,446.30	\$ 782,888.28	\$ 784,309.61
39,121.38	34,537.03	35,286.64	35,705.84	144,650.89
(\$ 5,898,414.75)	\$ 3,524,731.37	\$ 2,266,159.66	\$ 747,182.44	639,658.72
				1,527.35
				638,131.37
				68,710.77
				\$ 569,420.60

Mr. BURTON: In connection with Exhibit XIX, that is the statement of the drawback accounts; I take it those are the moneys paid out by the wheat board on behalf of the dominion government to the millers for the difference between the \$1.25 and 77 $\frac{1}{8}$ cents, is it not?

Mr. McIVOR: Seventy-seven and three-eighths.

Mr. BURTON: Three-eighths?

Mr. McIVOR: Yes.

Mr. BURTON: And it is just simply a matter of the wheat board being the agency for the dominion government—

Mr. McIVOR: That is right.

Mr. BURTON: —in giving their subsidy to the millers so as to keep the price of breadstuffs in Canada down within the ceiling?

Mr. McIVOR: That is correct, yes.

Mr. HARKNESS: What is this refund of excess prices received from the Commodity Prices Stabilization Corporation, Limited?

Mr. McIVOR: Are you familiar with that, Mr. McVey?

The WITNESS: Yes. When the drawback arrangement was made shortly after that it was reconsidered and the question of paying the drawback to a milling company which already was in the hundred per cent excess profits tax bracket was considered; and you can see the effect of that. If they were in that bracket the drawback payments went into their account and the treasury in any event would recapture the money less, of course, the postwar refund factor, so that an arrangement was made then that instead of letting it fall for taxation later, the accounts of these millers would be reviewed by the Commodity Prices Stabilization Corporation, Limited, wherever it showed that they were in that bracket these recoveries would be taken back from them.

By Mr. Harkness:

Q. In other words the money went back to the pool and thereby eventually to the farmers rather than to the dominion treasury in taxes; is that it?—

A. No, not to the farmers, sir; it simply went back to this account and became available for subsequent drawback disbursements.

By Mr. Wright:

Q. Would you explain the second from the last item, "payments from drawback funds for additional freight on shipments of wheat from country points to mills for domestic flour requirements"; just what does that entail?—

A. I do not know whether I can make it particularly clear or not. I know what it is. It is in connection with a group of millers in the Alberta area—and those mills up to a certain point of time—I can't recall exactly when but it was some time during the 1945-46 year—had been buying their requirements basis Fort William delivery point although in some cases they may have been located and were in fact located at points tributary to Vancouver, that is closer to the Vancouver terminal destination. The board changed the policy and began to sell them basis Vancouver instead of basis Fort William, which created a situation there that in order to get their supplies then they had to finance or pay what we call a freight differential, so that they were

actually placed in the position of having an increased cost for their milling supplies without any opportunity of adjustment in the domestic price base which, of course, was controlled by the ceiling. That matter was taken up I believe with the Wartime Prices and Trade Board and the situation discussed and an arrangement was made whereby the board would cover that extra freight through this drawback account.

Mr. McIVOR: That went to the producers, it was paid to the producers.

The WITNESS: It would be initially, in the wheat that was delivered.

Mr. McIVOR: Yes.

The CHAIRMAN: Any questions on Exhibit XX?

THE CANADIAN
STATEMENT OF PROVISIONS FOR FINAL
For the year ended

Balances as at 31st July 1945, available for completing final payments to Producers.....
Estimated provisions for the expenses of issuing final payments to Producers.....
Interest adjustments on surplus funds accruing subsequent to determination of final payment prices.....
Deduct: Commissions and exchange, etc., paid to banks, payors and Agents.....
Adjustments of over-payments to Producers not recoverable.....
Proportion of administrative and general expenses for the year ended 31st July 1946.....
Balances as at 31st July 1946, available for completing final payments to Producers.....

WHEAT BOARD

PAYMENT EXPENSES—WHEAT ACCOUNTS

31st July 1946

1940 Wheat Crop Account	1941 Wheat Crop Account	1942 Wheat Crop Account	1943 Wheat Crop Account	1944 Ontario Wheat Equalization Fund— P.C. 1638
\$ 319,574.46	\$ 228,784.38	\$ 290,409.83		
			\$ 495,000.00	\$ 13,751.58
<u>30,905.44</u>	<u>36,197.98</u>	<u>46,559.18</u>		<u>1,457.92</u>
\$ 350,479.90	\$ 264,982.36	\$ 336,969.01	\$ 495,000.00	\$ 15,209.50
\$ 2,388.42	\$ 2,471.20	\$ 3,535.01		\$ 1,663.61
27.66	10.37	20.20		
<u>94,767.28</u>	<u>71,446.69</u>	<u>78,785.51</u>	\$ 11,852.34	<u>9,013.52</u>
\$ 97,183.36	\$ 73,928.26	\$ 82,340.72	\$ 11,852.34	\$ 10,677.13
<u>\$ 253,296.54</u>	<u>\$ 191,054.10</u>	<u>\$ 254,628.29</u>	<u>\$ 483,147.66</u>	<u>\$ 4,532.37</u>

By Mr. Harkness:

Q. In Exhibit XX, I see you have "estimated provisions for the expense of issuing final payments to producers," and for the 1944 wheat crop account I see that amounts to \$495,000. Then, of course, there are the deductions indicated and it carries down to the bottom of the page and gives the "balances as at 31st July, 1946, available for completing final payments to producers" as \$483,147.66. I see you also have the corresponding figures for the 1940 wheat crop account, for the 1941 and the 1942 wheat crop account also. I take it that this is provision for the expense of issuing final payments. That is what we were talking about yesterday.—A. It is the same thing, sir. The reason for the little difference in the method of setting up the \$495,000 is that that provision was made just prior to the end of July 1946. These others had been made in prior years and it was carried forward as a balance from the previous year. On the 1943 crop, as I say, that provision was just set up, and I may say that only a relatively small expense was charged in this 1945-46 year which was merely the commencement of the initial assembly and clerical detail on the 1943 crop payment.

Q. Well, all these sums which you have here are then merely amounts that you have set aside or estimated it would cost to make these final payments?—

A. No, I would not say that. Initially the three prior years would be stated just the same as the 1943 crop. That would be the original provision. Then as the years go by expenses were charged against that provision, and as I explained yesterday there has been an interest accrual in these prior years accounts which is one reason why the balance sheet provision looks quite as large in relation to the money yet to be paid out. I think I explained that yesterday.

Q. Yes.

By Mr. Burton:

Q. While we are still on Exhibit XX; you show there a portion of the administrative and general expense for the year ended 31st July, 1946; and then, across on the other page you give the 1940 wheat crop account, \$94,767.28; the 1941 wheat crop account, \$71,446.69; the 1942 wheat crop account, \$78,785.51; then it drops down for the 1943 wheat crop account to \$11,852.34. Can you give us an explanation of the difference which appears there in respect to 1943?—A. Yes, sir. In the case of the first three items of that group the expenses recorded there are expenses for the full year 1945-46, but as I just mentioned a moment ago in connection with the 1943 wheat crop account the assembly work did not start until I think some time about the middle of June 1946, so it only roughly shows a month's expenses accrued against that account. You remember that the payment did not go out until August of 1946.

The CHAIRMAN: Exhibit XXI.

EXHIBIT XXI

THE CANADIAN WHEAT BOARD

STATEMENT OF PROVISIONS FOR FINAL PAYMENT EXPENSES

OATS AND BARLEY ACCOUNTS

For the year ended 31st July 1946

	1942 Oats and Barley Equaliza- tion Funds P.C. 4450	1943 Oats Equaliza- tion Fund P.C. 4450 P.C. 8898	1944 Barley Equaliza- tion Fund P.C. 5998
Balances as at 31st July 1945, available for completing final payments to Producers.....	\$ 49,446.86	\$ 85,507.79	
Estimated provision for the expenses of issuing final payment to Producers.....			\$ 75,738.31
Refunds of advance equalization payments reported by Agents in error.....		16.50	618.52
Interest adjustments on surplus funds accruing subsequent to determination of final payment prices.....	1,738.46	15,463.11	31,749.19
	<u>\$ 51,185.32</u>	<u>\$ 100,987.40</u>	<u>\$ 108,106.02</u>
Deduct: Commissions and exchange, etc., paid to banks, payors and Agents.....	\$ 10.00	\$ 6,310.05	\$ 24,080.57
Adjustment to provide for additional final payment cheques issued to Producers.....		1,294.01	
Proportion of administrative and general expenses for the year ended 31st July 1946.....	184.76	9,335.69	37,233.59
	<u>\$ 194.76</u>	<u>\$ 16,939.75</u>	<u>\$ 61,314.16</u>
Balances as at 31st July 1946, available for completing final payments to Producers.....	<u>\$ 50,990.56</u>	<u>\$ 84,047.65</u>	<u>\$ 46,791.86</u>

EXHIBIT XXI

THE CANADIAN WHEAT BOARD

STATEMENT OF 1945 ONTARIO WHEAT EQUALIZATION FUND—P.C. 4646

For the period ended 31st July 1946

Equalization fees collected.....	\$ 269,463.42
Add: Interest adjustments to 31st July 1946.....	4,304.18
	<u>\$ 273,767.60</u>
Deduct: Administrative and general expenses.....	3,349.93
Balance payable to Producers on 1945 Ontario Wheat Equalization Fund—P.C. 4646, for the period ended 31st July 1946.....	<u>\$ 270,417.67</u>

THE CANADIAN WHEAT BOARD

STATEMENT OF 1944 ONTARIO WHEAT EQUALIZATION FUND—P.C. 1638

For the period from 1st July 1944 to 30th June 1946

Equalization fees collected.....	\$ 196,997.57	
Interest credited on surplus funds.....	7,552.36	
	<hr/>	\$ 204,549.93
Deduct: Administrative and general expenses for the year ended 31st July 1945.....	\$ 2,572.26	
Provision for the expenses of issuing final payments to Producers and other expenses.....	13,751.58	
	<hr/>	16,323.84
Surplus payable to Producers on 1944 Ontario Wheat Equalization Fund—P.C. 1638, as at 30th June 1946.....		<u><u>\$ 188,226.09</u></u>

Mr. SENN: I would like to ask a question here about the equalization account. Unfortunately I was not here yesterday when Exhibit I was being considered but I see there is a 1945 Ontario wheat equalization fund amount due to producers of \$270,417.67, for winter wheat. As I recall the situation in my own district, I do not know what other districts are concerned as well, but there were no participation certificates delivered to the farmers. I wonder if you could tell me how that was handled?

Mr. McIVOR: When the farmer delivered his wheat to the Ontario elevator, there was a record taken of the delivery and there is a list sent in to our Toronto office, giving the name of the farmer and the amount that he delivered.

Mr. HARRIS: Does the farmer get anything at all out of that?

Mr. McIVOR: Yes. The way it is handled now this payment is made in advance and the mill or elevator company pays it out of their own pocket and then they get a receipt from the farmer which they attach to the account which they send in to our Toronto office and the Toronto office pays the money back to the mill or elevator company.

Mr. SENN: How do you determine what the amount should be; In this case how the \$270,417 should be divided; would it depend on how much wheat was delivered at the elevator or the mills?

Mr. McIVOR: We set up a figure this year of 8 cents a bushel being the estimate of the amount of money that we think will be in the flour equalization fund; that is paid to the farmer at the time he delivers his wheat. The way we did it before there was a considerable amount of confusion in the payments. Many of the payments were small. That system was changed and it is now paid when the farmer delivers his wheat.

Mr. SENN: That is satisfactory.

The CHAIRMAN: Any further questions on Exhibit XXIII?

Any questions on Exhibit XXIV?

THE CANADIAN
STATEMENT OF FUNDS
RECEIVED FROM THE
30th April

Funds remitted to the Dominion Government:

Special Account.....
1942 Crop Oats and Barley Account.....

Funds received from the Dominion Government:

1939 Wheat Crop Account.....
1941-1942 Crop Flax Account.....
1943 Crop Soybeans Account.....
1942 Crop Soybeans Account.....
Crown Wheat Account.....
1943 Barley Equalization Fund.....
1943 Crop Rapeseed and Sunflower Seed Account.....

WHEAT BOARD

REMITTED TO AND FUNDS

DOMINION GOVERNMENT

1945

P.C.	Surplus or Deficit as at 31st July 1944	Interest to 30th April 1945	Total
1803	\$ 2,230,147.23	\$ 50,542.73	\$ 2,280,689.96
1801	336,346.35	7,622.75	343,969.10
	<u>\$ 2,566,493.58</u>	<u>\$ 58,165.48</u>	<u>\$ 2,624,659.06</u>
	\$ 8,226,850.19	\$ 186,444.58	\$ 8,413,294.77
1800	754,301.90	17,095.05	771,396.95
4010	146.40	3.31	149.71
2799	6,919.74	156.83	7,076.57
7942	10,125,327.04		10,125,327.04
4450, 8898	2,063,257.35		2,063,257.35
2894	90,589.38		90,589.38
	<u>\$ 21,267,392.00</u>	<u>\$ 203,699.77</u>	<u>\$ 21,471,091.77</u>

By Mr. Wright:

Q. On Exhibit XXIV, just what is this "special account"; is that the sales, the bushels that are exported?—A. No, that is a special account that was set up at the time the initial price was raised from 70 cents to 90 cents a bushel. That was in 1942; and the reason for it was simply this, I mean very briefly, to prevent speculative profit on it because the open market was still carrying a considerable volume of wheat at the time. This was the account set up for that purpose, so as to obtain control of all the stocks and get them in the board's hands and retain any profit on open market stocks relative to the rising price level.

The CHAIRMAN: Anything else on Exhibit XXIV?

Anything on Exhibit XXV?

EXHIBIT XXV

THE CANADIAN WHEAT BOARD

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31st July, 1946.

Salaries—Board members, officers and staff	\$1,140,426.34
Unemployment insurance	7,635.50
Advisory Committee—travelling expenses and per diem allowance	6,740.39
Rental and lighting of offices	63,177.48
Telephone—exchange service and long distance calls	27,346.01
Telegrams and cables	16,764.74
Postage and excise stamps	46,467.76
Printing and stationery	46,509.43
Office supplies and expenses	15,899.07
Travelling Expenses	34,858.20
Travelling expenses—Inspectors	45,050.28
Legal fees	88.55
Audit fees	58,000.00
Tabulating equipment—rental and supplies, etc.	63,817.32
Repairs and upkeep of office machinery and equipment ..	1,746.65
Grain market publications	1,728.34
Bonds and insurance	2,627.08
Grain Exchange dues	695.00
Express, freight and cartage on stationery, etc.	3,770.28
Bailee bank expenses, bank charges, etc.	3,018.99
Alterations to offices and fixtures	2,187.71
Depreciation on furniture, equipment and automobiles ..	7,021.21
	<hr/>
Total administrative and general expenses for the year ended 31st July, 1946	\$1,595,576.33

Allocated to operations as follows:

Crown Wheat Account—P.C. 7942 and 1116	\$ 51,053.39
1945-49 Pool Account, Western Division—P.C. 3222	509,527.00
1944 Crop Account—Western Division	288,537.73
1943 Crop Account—Western Division	48,825.34
1942 Crop Account—Western Division	78,785.51
1941 Crop Account—Western Division	71,446.69
1940 Crop Account—Western Division	94,767.28
1945 Ontario Wheat Equalization Fund—P.C. 4646	3,349.93
1944 Ontario Wheat Equalization Fund—P.C. 1638	9,013.52
1945 Crop Account, Flax Division—P.C. 2550	18,088.57
1944 Crop Account, Flax Division—P.C. 1350	1,499.78
1945 Oats and Barley Equalization Funds—P.C. 2550 ..	91,953.94
1944 Oats Equalization Fund—P.C. 5998	4,080.36
1944 Barley Equalization Fund—P.C. 5998	37,233.59
1943 Oats Equalization Fund—P.C. 4450 and 8898	9,335.69
1943 Barley Equalization Fund—P.C. 4450 and 8898	500.00
1942 Oats and Barley Equalization Funds—P.C. 4450 ..	184.76
1945 Crop Account, Seeds Division—P.C. 859	4,674.25
1944 Crop Account, Seeds Division—P.C. 4131	634.85
1943 Crop Account, Seeds Division—P.C. 2894	121.65
Drawback Account—P.C. 5768	39,121.38
Acreage and Quota Regulations, etc.	232,814.12

\$1,595,576.33

By Mr. Burton:

Q. In connection with Exhibit XXV, the administrative and general expenses for the year ended 31st July, 1946, amounted to \$1,595,576.33 and I notice at the bottom of the page there is a breakdown of that allocated to operations as follows there. The whole sum is divided into different accounts ranging all the way from 1942 up to 1945, and related to the activities, the different activities of the board during that time. Now, I presume that you have taken into consideration the amount of grain of various kinds left over from the previous year in the preparation of that statement, and indicate the proportion which falls to each allotment; but in reality the administrative and general expenses as of the 31st of July, 1946, cover more than the one-year period; it is the expenses during that one year but dealing with the remnants of previous years' sales of grain?—A. Yes, that is correct, Mr. Burton. I might say, too, that the allocation of these costs is done by a method of what you might call cost accounting, although ordinarily that term is not applicable to grain administration; but it is simply a case of the breaking down of these costs and the allocating of them wherever they belong. Some accounts admit of direct allocation. For instance, take the last item there, "acreage and quota regulations, etc.", there are no bushels involved there; that is to say bushels with which the wheat board deal, and this is an item of cost which would relate to all grain in the west. These costs also are absorbed by the Department of Finance or whatever department of the government is concerned—I am not just sure which it is at the moment. What I am getting at is that some costs go to an account like that, while others such as at the top there on Crown wheat and on the 1945-49 pool account, western division, and the 1944 crop account as well as certain flax accounts and seeds accounts; wherever a product has been handled in that year these costs will be spread largely on a per bushel basis.

Mr. WRIGHT: Are the acreage regulation costs charged against the farmer or do they go to the department of government responsible for them?

The WITNESS: That is right, sir. The theory there is—it is not a theory, it is a fact—that the administration as I just said has to deal with all grains—wheat, oats, barley, rye and flax—of which only wheat is marketed through the board. It is true that in connection with oats and barley they administer the equalization fund—I should say wheat and flax are actually marketed through the board—and therefore the cost could not equitably be assessable against the wheat and flax producers because the benefits accrue equally to the oats and barley producers. If you were to absorb them against ordinary operations then you would have the wheat and flax producers paying all these costs for the benefit of quite a number of farmers who may be producing only oats and barley.

By Mr. Harkness:

Q. Mr. Chairman, these administrative costs cause me to bring up again the matter of the speech made by Mr. A. L. Smith in connection with administrative costs on May 22nd, which Mr. McIvor mentioned yesterday, or I think it was the day before; and I should like to ask in connection with the figures that Mr. Smith put on the record at that time if they are correct in regard to what the total expenses of the wheat board were:

1939	\$ 677,342
1942	842,149
1945	1,592,543

Are these the total administrative expenses of the board in those years?—A. I looked at those figures. I have not made a final or careful check. Approximately they are right in some respects, and I think also that I should point out

that there were some differences. I would say that substantially they were right. There is one probably debatable item in the first year, as I recall it, the year ended in 1939. That figure that you quote, \$677,342—I do know that included in that total there was something around the \$200,000 mark which was a special overseas advertising campaign to promote the sale of Canadian wheat which has not recurred since.

Q. Well, going on from there, what Mr. Smith was concerned with finding out from that was why there had been this very material increase in expenditures, particularly we will say in travel and salaries, two items which had increased by 500 per cent. Do you agree with that statement?

Mr. McIVOR: No. I object to what Mr. Smith had to say. In the first place, he did not say that the work of the wheat board had increased about 1,000 per cent since 1939; that is one thing that he did not say.

Mr. HARKNESS: If I might interject, he was merely asking why these expenditures had increased so materially.

Mr. McIVOR: He said, as I recall his statement, that there was a bunch of fellows there buying and selling wheat; and he said they had increased their work to the extent of handling rapeseed. I remember what he said—I would point this out, that you cannot increase your operations without increasing your expenses; and you cannot increase your operations without increasing your travelling expenses. It just cannot be done. Now, that is the thing to which I object in what Mr. Smith had to say. He only gives one part of the story, and the story is obvious in these reports. If he looked at the 1939 report or if he had looked at this one the thing probably would not have happened. Our work is increasing tremendously. In 1939 the board had to take and handle wheat, that is all. Now you can see—and that was only voluntary wheat—now we are handling all the wheat, and we are handling all these other things, such as oats, flax, barley and so on. Naturally our expenses have increased.

Mr. HARKNESS: Well, the 1945-46 figures about double what it was in 1942 when you were handling a very large number of the things that you are now handling; not all, of course.

Mr. HATFIELD: May I point out that from 1942 to 1946 you had a sellers' market and you should not have had any increase in expenses.

Mr. McIVOR: In 1942 we were handling only part of the wheat. The market was open. In 1946 we are handling all of the wheat and these other things.

Mr. HATFIELD: You turn that over to some exporters, you would not handle that yourself.

Mr. McIVOR: I wish it was as easy as that.

Mr. TOWNLEY-SMITH: What staff increases were necessary between 1942 and 1946? Have you the figures.

The WITNESS: I cannot give the exact figures because, in the records we have with us do not show the totals at any one point of time. There is some temporary help and so forth, and it is necessary to make allowances for broken periods in the year and so on. The list I have here shows as follows. Total personnel for all offices, Winnipeg, Calgary, Vancouver, Washington, London England, and Toronto: in 1940 there were 225 persons; in 1945 there were 637 persons; in 1946 there were 625 persons.

Mr. McIVOR: Your payments come in that?

The WITNESS: Yes. I might add in connection with the 1942 year it has been said that many of the items that are shown on this statement were already in hand at the time, but that is not so. The only operations included were in the year ended in 1942. That was the first year of the 1941-42 wheat account,

the second year in connection with the 1940-41 wheat account, and that would be the third year in connection with the 1939 wheat crop. That also was the period in which the operations under the special account, P.C. 1803 to which I referred a moment ago, were taken up. They were taken up as I recall some time in March, 1942 and that was merely a special operation for the purpose I mentioned, and the only other outside operation was in connection with flax. Flax was taken over entirely about the middle of March, 1942. In that connection I should say this. The date of the real expansion in the wheat board activities was the take-over at September 28, 1943.

Mr. McIVOR: September 27, 1943.

The WITNESS: Well, yes. Just consider what was involved. The board was instructed to take over the remaining wheat in the producers' accounts of 1940-41-42 crops. In addition they took over all the remaining open market wheat that was in the hands of private operators from coast to coast. At the same time they were instructed to close the 1940, 1941 and 1942 crop accounts, because that was the effect of the take-over. It was necessary to transfer the wheat from the open crop accounts to the crown account, making it possible to arrange the participation payments as of that date. In addition to that, stabilization operations in connection with oats and barley commenced with the year 1942-43. That was not as at September 27 but that was subsequent to this 1942 date that was stated in Mr. Smith's speech. Subsequently again, operations in connection with oats and barley equalization payments, and so forth, were commenced as well as administration of the drawback payments. My point is simply this. The total administration for the year ending 31st of July, 1942, as Mr. McIVOR stated, could not bear any direct relation to the figure for July 31, 1946, which show in this statement.

Mr. BURTON: Mr. Chairman, may I ask a question or are you through Mr. Harkness?

Mr. HARKNESS: I think that main point that strikes me on the thing, and what Mr. Smith was getting at is that the board, essentially, in 1942 had as its chief job really, the marketing of all wheat that was produced.

Mr. McIVOR: That is not right.

Mr. HARKNESS: I will say practically.

Mr. McIVOR: That is not right even using the word practically.

Mr. HARKNESS: What proportion of the wheat was not marketed by the board? We had no markets except in England.

Mr. McIVOR: The market was not closed until September 27, 1943.

Mr. HARKNESS: In fact the board was at that time handling all the wheat for the government.

Mr. McIVOR: No it was not.

Mr. HARKNESS: What proportion was it not handling? My understanding was all wheat was going into export and all the markets were in the hands of the wheat board.

Mr. McIVOR: There were two systems operating. The market was open and the board was operating. The farmer had the right to deliver his wheat through either system and the board was selling their own wheat in the market, in the Winnipeg Grain Exchange, and it was being marketed by the exporters of wheat.

The WITNESS: Could I add to that by saying or by referring to the figures that were given, that the total take-over into the Crown account was 297,700,000 bushels of which 142,500,000 bushels came from the board producer accounts, and 155,000,000 bushels—did I say thousands or millions—perhaps I should repeat. The total take-over was 297,700,000 bushels including producer

accounts of 142,600,000 bushels and the trade 155,200,000 bushels. At that date there was more wheat in the hands of the trade outside of the board entirely, than was held by the Board for producers' account.

Mr. SENN: Could you inform the committee how the price of that take-over was determined?

Mr. McIVOR: The take-over was at \$1.23 $\frac{1}{4}$, which was the market price on the 27th day of September for No. 1 northern wheat. That is the day the market was closed.

Mr. BURTON: Mr. Chairman, if I might be allowed to interrupt in this. I am sorry that, as you will understand when members leave our own businesses and our own homes to come down here, we do not know just what to bring along or what may be of use to us. I was going to say I am sorry that I did not bring with me some of the statements I had received in years gone by when I shipped my grain to the market by carload lots and forwarded instructions to grain handling concerns to dispose of that grain. When my carload arrived at Winnipeg it was inspected, then, as now, by the elevator companies handling my grain, and the charge for binning is deducted and taken care of. That has nothing to do with the actual selling of the grain, but when my carload arrived at Winnipeg after it was inspected the company, regardless of which company it was, they took those papers and appeared on the market and sold the grain. They then remitted to me the proceeds less 1 cent a bushel for the selling of the grain and all they did was to have someone go on the floor of the exchange, and, you might say, just wave the papers and that was all there was to it. In addition to that I may say that when they sent my cheque they even deducted the stamp that went on the cheque, quite properly so, but what I am trying to point out to the members of the committee, Mr. Chairman, is when the open market was functioning and prior to the time that the board was in operation, regardless of the grain firm who handled my grain, I paid a commission on the sale of the grain and it was always considerably in excess of what it now costs me to have my grain handled through the board. The figures Mr. McIvor gave us the other day ran all the way from a quarter of a cent to a third of a cent per bushel and, even making allowances for some of the unsettled crop years, which add to the expenses, I still have my grain handled by the board for less than a half a cent a bushel, I would say considerably less. Consequently, when you are dealing in the millions of bushels I contend that, to the producers of this country during the years which it has been in operation, the board has been certainly worthwhile. For instance, the administrative expenses of \$1,595,576.33 is a lot of money for any man, but when you go to work and spread it over the number of bushels and the work that has been done in connection with the sale of that grain, I contend it certainly has not been a burden to the producer.

Mr. HATFIELD: I would like to ask where this money comes from, the \$1,595,576.33?

The WITNESS: Those payments are paid by the board from the proceeds of the marketing operations. In that connection, and perhaps that may be why the gentleman is asking that question, I noticed a press report not long before we came down which said, in making some references to the speech of Mr. Smith, "it should be clearly understood in the consideration of these items they are paid by the dominion government". They are partially so paid wherever the operation is directly for the government account, but wherever the operation is for the producer's account the producer certainly foots the bill, and I may say that during recent years, the producer has, in fact, paid a larger part of these expenses from year to year.

Mr. HATFIELD: Does the government make up the deficit?

The WITNESS: I beg pardon?

By Mr. Hatfield:

Q. Does the government make up the deficit?—A. That is true in the earlier years. When there was a deficit on producers' account it was charged to the dominion treasury under the terms of the Canadian Wheat Board Act.

Q. Then it does not all come out of the wheat?—A. No, I did not say it did.

Q. The taxpayers all over Canada pay for some of this?—A. For some of it, in accordance with the various orders in council which set up these special operations which the board carry.

Mr. SINNOTT: Would you be in a position to say what the percentage is?

The WITNESS: I would not want to say that. I might say in connection with the question of administrative and general expenses, yesterday some figures were already in the record showing total charges against the producers and the rate per bushel to which I think Mr. Burton has already referred. A further statement is in the process of preparation and we had hoped to have it here this morning. It was not possible to complete it; it will deal with the administrative and general expenses for all the years from 1939 to date, showing exactly the ultimate resting place of the allocations of those expenses from year to year. You will, however, have that for the record.

Mr. BURTON: Mr. Chairman, if I may go on for a moment further, I would like to say in so far as the actual producers are concerned, when the board takes our wheat over and disposes of it the producer pays the whole shot, for the information of my friend from New Brunswick. Therefore the figures you were endeavouring to enlighten the committee on result because, when the government, in its wisdom or otherwise, undertook to set up the Crown stocks of wheat, that was something where the producers had already paid their share of the administrative costs. Then when they undertook to start up the system of equalization funds, that again was something in line of the government policy and they were doing that for a purpose. When it came to set up the flax account that was something again that we were doing in co-ordination with government operations in fats and oils. When the producer delivers his grain to the board, he is charged first for the marketing of that grain. In so far as that other account is concerned, what was afterwards handled was Crown wheat and the expenses incurred later on in the account for the producers had nothing to do with it.

Mr. TOWNLEY-SMITH: In the figures you handed us this morning, there was a deficit of \$81,000,000 and a surplus of \$202,000. Is that deficit of \$81,000,000 to be charged against the surplus of \$202,000,000?

Mr. McIVOR: No.

Mr. TOWNLEY-SMITH: That actually does come out of the treasury.

Mr. McIVOR: I did not intend to make these remarks and my colleague to the left does not know anything about this. I am speaking personally now to this committee. I rather expected there would be an attack on the administration of the wheat board, and an attack on the expenses sometime, so I was not surprised when it came. Now I am celebrating, and I do not know whether I am really celebrating because I am here in this room, but to-morrow I have an anniversary and the anniversary is ten years as chairman of this wheat board. When I took on the job I told Mr. Euler something which he said was one of the most unusual things ever said to him. I said to him "Anytime you think you can get someone to do this job better than I can, all you have got to do is to call me on the telephone and there will not be any hard feelings about it". He said that was the most unusual statement that had been made to him. I want to say this. I honestly believe the expenses of the board are commensurate with the work the board is doing. We do try to keep our expenses down. I know that we are a public body and I know it is our duty to keep those expenses as low as possible. I think our auditor, who is here to-day,

will agree that the board had tried to keep their expenses in line with the work they are doing. There has been some mention of salary referred to. My own salary, which is a matter of public record, when I started out as assistant chief commissioner to the board in 1935, was \$15,000 a year. The government fixed my salary and I did not ask for that, but it was the salary which was fixed. My salary to-day, after ten years service, is \$16,000.

Mr. FAIR: Less income tax.

Mr. McIVOR: Less income tax.

Mr. BURTON: With no cost of living bonus?

Mr. McIVOR: I am probably working under the law of diminishing returns, but I am not complaining about it. There have been two men I know of, in fact three, who have come on this board in the last three or four years and who have taken a reduction in salary of from \$4,000 to \$5,000 a year to get their fingers into this buzz-saw. They did that because they felt it was their public duty to do so. I just want to say this. When the board was set up in 1935 Mr. John McFarland was appointed as chief commissioner, Mr. D. L. Smith as assistant chief commissioner, Dr. Grant as commissioner. In the judgment of the government of that day, which was the government of the late Lord Bennett, it was felt that the salaries of the board should be \$18,000 for the chief commissioner, \$17,000 for the assistant chief commissioner, and I think \$15,000 for the commissioner. That is also a matter of public record so I am not repeating anything that is not public. When the board was changed in 1935 the salary at that time as I recall it of Mr. J. R. Murray was \$18,000, myself and Mr. Dean Shaw received \$15,000. For some reason or other that I cannot explain, and I am not criticizing it at all—I do not think that my fellow commissioners are criticizing it either because they are not on the job for money—but the government decided to fix the salary of the assistant chief commissioner and the chief commissioner at \$12,000 a year. This is correct is it not, Mr. McNamara? Now that has meant that in three cases that I know of, the salaries which have been accepted by men who have come on the board because they felt it was their public duty to come when the government asked them, are less by a considerable amount and they have sacrificed from \$4,000 to \$5,000 a year. They did it on their own. I am not here to pat them on the back, that is not my job, but those are the facts I am giving to the committee. Now I think that the farmers of western Canada want this wheat board. There is no question about that. I am not saying so because I am the chairman of the board, but I know the farmer of western Canada and he wants the wheat board. Also I think he wants the best men on that board that can be obtained, unless I have got him all wrong. He does not want a lot of people whom Mr. Smith very disparagingly referred to as “a bunch of people buying and selling wheat”,—“a bunch of boys”.

Mr. HARKNESS: Mr. Chairman, that is not correct, Mr. Smith did not refer to the people in the wheat board in a disparaging way at all. Actually what he said was “this is not a business where you have got to have research people and need technical experts, it is just a bunch of people buying and selling wheat and that has been going on since the world began”.

Mr. McIVOR: All I have got to say is I would not expect to be able to be as high class a lawyer as Mr. Smith and on the other hand I would not expect he would be able to do my job either.

Some Hon. MEMBERS: Hear, hear.

Mr. McIVOR: There is nothing personal in this, gentlemen, and I want you to know that, as far as I am concerned.

Mr. HARKNESS: The point I was trying to make was—

Mr. McIVOR: If you will excuse me, I would like to finish.

Mr. HARKNESS: I would just like to make the point that Mr. Smith did not mean any disparagement to you or to any person working for the wheat board.

Mr. McIVOR: Well you cannot make the statements that he did without insinuating at least the men running the job were not competent.

Mr. HARKNESS: That was not his idea at all.

Mr. McIVOR: I will be finished in just a moment and I will sit down. I am probably a little worked up over this and I am sorry, but I feel very keenly about it. I say this. As far as I am concerned personally, after ten years on this job, and it has not been an easy job, what happens to me is not important. What happens, to the wheat board, is important. I say that the wheat board, if it is going to exist, and if it is going to be able to market the farmers' produce, must have the very best men in the business or else it is going to fail.

Some Hon. MEMBERS: Hear, hear.

Mr. WRIGHT: That is what we want. That is why, on every occasion that it has been possible, certain people have thought it advisable to try to bring up this matter of expenses. Now I have been a farmer all my life. I think I know the farmers' viewpoint on this matter of the wheat board and certainly the farmers of western Canada believe in the wheat board as a method of marketing. The farmers of western Canada believe the best men anywhere in the world to-day, should head the board, and they are prepared to see that proper salaries are paid for that work. There certainly is no objection to that angle. There may have been some objection in the days of the horse and buggy when the farmers objected to seeing men in their employ operating their business for them and receiving remuneration which was not justified. I think that psychology has passed and the farmers of to-day, whether in cooperative movements, or wheat boards, or in governments are prepared and are willing to see the men who are in their employ receive the top salaries in this country. After all it is not what a man is paid that makes the difference, it is the results which you get. If I want a lawyer to do a job I can go and hire a man for \$50 and lose my case but I would be a lot better off to pay \$200 and win the case. It is exactly the same thing with respect to the wheat board. As far as I am concerned, and as far as the group which I am associated with, as far as the farmers' organizations are concerned, we are pleased to see and would like to see the members of the wheat board, and the other people who are in our employ, receiving the top salaries that are paid in the world for the handling of our grain, because this grain operation is the largest business there is in Canada to-day, and certainly our people should be properly paid.

The CHAIRMAN: Mr. Fair has the floor.

Mr. FAIR: I believe I can endorse every word that has been said by Mr. Wright here to-day. This is not a new fight. It is a fight which has existed ever since the wheat board was organized and the wheat pools were organized. I am surprised that we have not had a lot more opposition to the wheat board in this committee and in the House of Commons because I think we are well aware of the lobbying that has been conducted for weeks. It is only necessary to look over the record of the past to show what it has cost the farmers of this country to have the grain exchange operating and selling our grain. The cost of operation and administration of the wheat board is nothing whatever compared with the drops of anywhere from 5 cents a bushel to over 20 cents a bushel in one day in the marketing of our crops. That is what we were up against. Personally, and I also speak for the members of my association, the Social Credit members in the House, and the farmers' organizations all over western Canada and in the east, when I say we want the wheat board and we want

the very best men we can get to operate it. I think Mr. McIvor and his associates have the entire confidence of the farmers of western Canada, in fact I am quite satisfied of that.

Some Hon. MEMBERS: Hear, hear.

Mr. HATFIELD: Mr. Chairman, I am not talking against the wheat board but what I do object to is the farmers of eastern Canada paying for the sale of their own produce and also paying for the sale of wheat in western Canada.

Mr. GOUR: They do not.

Mr. HATFIELD: It comes out of the government. We do. I cannot understand why we should have a deficit on flax, oil seed and soy beans during the years 1944-45 and 1945-46. Flax and oil seeds were in great demand and you could have sold them at any price you might set on them. I do not know why you should have a deficit.

Mr. FAIR: I wonder if Mr. Hatfield objects to the Canadian government going to the assistance of the fruit growers of the maritimes. That also comes out of the pockets of the taxpayers of Canada.

Mr. GOUR: Mr. Chairman, I live in the centre of Canada. It is not often you hear me speak during the session. I may say I am in favour of helping the west and I am in favour of helping any part that needs help, and I do not like to see one part of the country criticized by another when we give them a hand. I ask my friends from the west not to complain so much sometimes, because, we try to do our best to help you out when you are in a bad position and you should do the same when we are in a bad position in the centre or in the east. We will not build a strong Canada if every member tries to criticize others who may be growing flax or wheat or oats or raising cattle or pork. I am a flax man. I am the chairman of the National Flax Council for Canada. For years we sold our flax to Britain at half the price we would have been able to get on the world market. I was the chairman of that council and I was satisfied that we should give that price to Britain to help them out in the war. You western farmers sold your products at less than you are able to get to-day. We want the British market. She has not the money at the moment. We loaned them a billion and a quarter and we gave them three billions. What is the use of asking them to pay what we call the world market? The world market is the same as regards pork or cheese. We produce cheese, we sold our cheese for 10 or 15 cents less than we could have got in the states. As a gentleman said yesterday, we should endorse our farmer organizations and associations. There has been some criticism of Mr. Hannam. He is a friend of mine. He also advised our people to sell our cheese at a lower price than the world market. I got my farmers to accept a reasonable price and we are making reasonable money while Britain and some other countries are short of materials and food and without dollars. I do not want to take the time of this committee for nothing, but for God's sake stop criticizing because we spend a little money in one province or another. We are all in Canada. One time my riding may suffer. I am a farmer. Don't you believe that Russell county is not a farming county. A farmer may have between fifteen and forty milk cows and two hundred pigs. The big difference between the farmers in the west and the east is the amount of land they farm. A big farm in my county may farm 300 to 400 acres, but our farmers work every day and not only three or four months of the year. We are all friends here, so I can say that. They work on Sundays sometimes, too, and they work on holidays and they work 365 days a year. I do not like to hear criticism because we help the west or because we help some other part of the country. When we have a good crop it is our duty to help them when they have a poor one. Now, you have a good crop but in eastern Canada we have a very poor crop. It may be that you will not always have a good market for wheat in Europe. I started flax farming with

4,000 acres and I said we should produce for the war; build up a market for the farmer boys during the war, give the wheat market to the west, and with our flax we would make money and help our people along if the time comes that there is not a large enough market for our product. We all belong to Canada.

The CHAIRMAN: Mr. Hatfield had asked a question.

Mr. McNAMARA: With reference to Mr. Hatfield's question he asked why certain of the administrative charges were charged to the treasury and not to the producers, I would like to point out, as Mr. McVey has stated, that certain of our operations are set up as deficit operations, under price ceiling controls; and while it is true that the operation expenses in connection with flax, sunflower seed and rape seed are charged against the treasury, the western producer is also making a large contribution. For example, wheat for domestic consumption was sold at \$1.25, and oats and barley are sold under ceiling regulations at prices below world values, the western producer only receiving these ceiling prices. So I think the policy of the treasury absorbing at least administrative expenses in connection with the handling of these commodities is proper, and the western producer has more than contributed his share to that policy.

Mr. HARKNESS: Referring back to the remarks made by Mr. McIvor, I should like to say that I am sorry that he has interpreted any remarks of mine or questions I asked as an attack on the administration of the Wheat Board, its expenses and so forth. I conceive the job of this committee was to inquire into the record which we have before us and get an explanation of the various items, and that is what I was doing; and I did not intend any questions or remarks as an attack on the administration of Mr. McIvor. As a matter of fact, I have the highest regard for the way in which he has conducted the operations of the board. I should also say that I agree thoroughly with the remarks made by Mr. Wright to the effect that we should get the best men possible for this work, and I think we have a lot of them now, to conduct the affairs of the Wheat Board, because it is a very big business. I do not think there is any objection on anyone's part to paying these people the salaries required to be paid for jobs of that importance. So I would certainly agree thoroughly with the remarks made by Mr. Wright in regard to that matter, and I hope there is no impression abroad that any remarks made or questions asked here are an attack of the members of this committee on the Wheat Board or the employees of their administration. As far as I am concerned—and I think this applies to other members—the examination here is a matter of attempting to find out the situation and get the reasons in this case for the increased administrative expenses and so forth.

Mr. McIVOR: Mr. Chairman, I want to assure Mr. Harkness that I had no reference to anything he said in this committee. As far as I am concerned I think he has been fair 100 per cent. I think his questions have been fair. I think he has a right to ask those questions. I was referring to a speech made in the House of Commons. When you come down to the office in the morning and pick up a paper and see great red headlines across it which say, "A. L. Smith assails Wheat Board," and the article goes on to say that we have lost \$200,000,000 over the years, which is not a statement of fact—the records are there—and then he attacks the administration and he attacks the accounting, that is rather hard to take. The reason why I am so worked up about this thing this morning is that the man who has worked so hard on this accounting, working even Sundays, is in the hospital. I feel keenly about that sort of thing, because I do not believe there is a better set of records being kept in Canada than those of the Wheat Board. Mr. Smith dismisses them as a bunch of boys playing the piano or something like that.

Mr. HARKNESS: No.

Mr. McIVOR: Yes. Look up the record. I know the speech. I have read it twelve or thirteen times. I know what he said.

Mr. HARKNESS: May I say a word in connection with that? Mr. Smith and I occupy the same office and I know his ideas pretty well, and I can assure Mr. McIVOR that no matter how his speech may have been interpreted by the newspapers, if he reads the speech he will find it is chiefly a request for the accounts of the Wheat Board and an explanation as to why expenses have gone up. I can assure Mr. McIVOR that Mr. Smith had no intention of attacking him and the efficiency of the Wheat Board. That was the last thing in his mind, and I would like to clear up that point as far as it is possible to do so, because Mr. Smith is not here to speak for himself.

Mr. WRIGHT: Perhaps the newspaper that interpreted Mr. Smith's remarks the way it did will give equal publicity to the statement being made here today.

The WITNESS: When Mr. McIVOR finished speaking he was referring, I think to Mr. Findlay, but not quite correctly, because I have the copy of Mr. Smith's statement here, and the reference made to which you refer is not to Mr. Findlay but to the auditors.

Mr. McIVOR: I am sorry.

The WITNESS: I have been acting in my present capacity in answering questions relative to these matters merely because Mr. Findlay is very ill in hospital. Normally it would not be my duty at all to give details of these statements. We did not come prepared to deal with these figures and when Mr. Findlay was taken suddenly ill on Monday, we simply had to take over all the files he had in order that we could give information at this meeting. However, I have here a copy of Mr. Smith's speech from *Hansard* on May 22, and I should like to read the parts that refer to the auditors. He starts off in part by saying:

Why this particular government company or Crown company—call it what you like—is not under the Auditor General and is not under the Civil Service is something that I at least—and it may be my fault—am completely incapable of understanding.

Later on he says:

We have not yet heard one reason given why that should not be so. I imagine it is a continuous audit. You could not pay \$58,000, I am not sure, unless it were a continuous audit.

Then he goes on:

I have no doubt there are a bunch of bright boys over there who are learning chartered accountancy, and they were counting cheques and counting dollars and using this \$62,569 of tabulating equipment rather well. I imagine they are not one-finger fellows. They can probably play the equipment as a man or woman plays a piano.

Then he finishes up by saying:

But what we pay \$58,000 a year, sir, for an audit, and all we get is just what I have told you, then it seems to me that Mr. Watson Sellar should be called in.

Now, I do not want to give the impression that I am thin skinned. I think I can see the picture of Mr. Smith speaking in the House and being a little bit facetious perhaps to relieve the monotony to some extent; but when one reads that in cold type and has not the background and the locale of the speech one does wonder a bit about it. Seriously, in connection with the audit, it is a big

account; there is no denying that; but if Mr. Smith had wanted to refer to the Canadian Wheat Board Act he could have seen the reason—one good reason. Initially, when the board was set up under the Act of 1935 there was provision made in it that the board was to report in writing each week not later than Friday of the week following to the minister; and that report to the minister was to be certified by the auditors to the board. Well now, just consider that; I do not mean to infer that there was a complete accounting cutoff made at the end of each week; naturally that would not be possible; but all the essential information with regard to the holdings of wheat stocks and futures as well as the financial position in respect to bank loans, liabilities and so forth was in the report; that report had to be mailed, as I say, on the Friday of the week following. Now, naturally, if a weekly report has to be certified by the auditors they have to be in constant attendance. This is a continuous audit, Mr. Smith is quite right; and he could have discovered that, I think, had he read the Act. Later on, and this relates to the matter that has been discussed here this morning, there was the expansion of operations and in the fall of 1942 that section of the Act was amended by order in council making the requirement not a weekly but a monthly report, and the reason for that was that the operations had expanded so much that it was an absolute physical impossibility to prepare such a report each week. Now, I realize that I am speaking perhaps on a point of privilege, but this is the only opportunity that our firm have of making any answer with respect to a matter which was raised in the House; and the way I feel about it is that having come here I should give you an explanation as to the true facts in reply to the inferences made by Mr. Smith. I very definitely do not agree with what he said, and I thought I should give you some of the reasons for the necessity of this continuous audit.

Mr. HARKNESS: Mr. Chairman, no doubt Mr. McVey recognizes that those remarks to which Mr. McIvor took particular objection were made in a more or less facetious way by Mr. Smith, and it looks to me that they are not being accepted in that vein.

Mr. McIVOR: I did not intend to add anything more. Unfortunately, when items of that kind get in the press there is nothing to indicate that they are intended facetiously. I have known Mr. Smith for thirty years. He is one of my very old friends, and he is still my friend. I am sorry that he is not here to-day; I mean he has returned home.

Mr. HARKNESS: He has returned home for reasons of health.

Mr. McIVOR: Yes, so I understand. As I say, we have been friends for a long time and we will continue to be friends. There is nothing personal in this at all.

The CHAIRMAN: Is that all for the auditors? Has anyone anything else?

Mr. DROPE: Yes, Mr. Chairman. It appears to me that this is a rather unusual procedure when we ask a number of government employees to come before us to answer questions that they should express opinions as to what has been said in the House of Commons. I am quite confident that the member for Calgary West (Mr. A. L. Smith) is quite prepared to back up anything he has said. Just how good this wheat board is, is a matter of question probably. As far as I know, it is all right. But I do believe that when the time arrives that a person thinks we can't get along without them—sometimes they are likely to be deceived. I hope we have not reached the stage where when a member of the House brings a matter up and another member brings it before a committee such as this, that we will have a number of employees of the government coming before the committee and more or less ridiculing what the hon. member has said in the House. I suggest that the proper procedure would be to have the matter taken up through some other member in the House; surely, there are some other members in the House who can stand up and demand that, or make such comment as they might consider necessary on it. I suggest that is the

proper procedure, that we should not be debating in this committee a matter which has taken place in the House. That is the place where it should be taken up, not in this committee.

The CHAIRMAN: I think this matter might very well stop at this stage. We have gone far enough now with it. Are there any other questions in respect to this report?

Mr. HARKNESS: I would like to ask Mr. McIvor about the travelling expenses of inspectors. How many inspectors have you?

Mr. McIVOR: I am not just sure of the number, I think we have twenty-one inspectors—Mr. McVey informs me that we have seventeen. They go around the country and call at the various elevators and check whether the wheat is up to type and how it is being shipped and if there are any complaints that the farmers make with regard to their payment by the board; errors in participation certificates or anything of that nature we immediately call the inspector. We think it is a reasonable procedure to look into complaints and to get the farmer's side of the picture, particularly with respect to matters that relate to the activities of the board.

Mr. HARKNESS: How long have these men been working?

Mr. McIVOR: I think the first inspectors were appointed in 1939, but there were only two at that time. As the work of the board has increased the number of inspectors has been increased.

Mr. BURTON: And, of course, when the quota system went into effect that involved the issue of permits and would naturally increase the volume of work.

Mr. McIVOR: Yes, that increased our work tremendously in 1940 when we had the quota system and every farmer had to have a quota book. There was a tremendous increase in the amount of land and the division of land and all that sort of thing.

The CHAIRMAN: Are there any further questions? Of course, we have some questions which still remain to be answered. Some of them may be answered to-day and it may be necessary to hold some of them over until a later stage. Have you any further questions to ask with respect to this report?

Mr. WRIGHT: There was some other information which I wanted in respect to Exhibits XIII and XIV. I do not think the witness would be able to give it to me today; should that be the case I wonder if he could send it to me personally or send it to the committee. My question is this, the equalization fees collected on oats amount to \$12,647,280.91. I would like to get the number of bushels of oats on which that was paid out. And I would like the same information with respect to the equalization fees collected with respect to barley, which I see amounted to \$18,092,682.33. I would like to know the number of bushels of grain involved in these equalization fees.

Mr. McIVOR: We will get that information for you, Mr. Wright.

Now, Mr. Chairman, there were some questions which were asked yesterday.

The CHAIRMAN: I think it would be better to complete this first and then we will go on with that, if that is satisfactory to the committee.

Mr. BURTON: Mr. Chairman, I would suggest that while Mr. Wright courteously suggested that if the information was not ready it might be sent to him that he also include the possibility of sending the same information on to the other members of the committee. I think those figures should be incorporated in our Minutes of Proceedings and Evidence so the rest of us may have that information.

The CHAIRMAN: There is no objection to that.

Is there anything else you want to know in connection with this report that we have on hand? Exhibit XXV practically closes it because the next pages are only material which is contained in the previous exhibits.

MILLAR, MACDONALD & CO.

CHARTERED ACCOUNTANTS

29th August, 1946.

To the Commissioners,
The Canadian Wheat Board,
Winnipeg, Manitoba.

Gentlemen:

We report that we have examined the books and accounts of The Canadian Wheat Board in which are separately recorded all transactions arising from the sale of wheat delivered to the Board by producers in the Western Division during the crop year from 1st August 1943 to 31st July 1944. Marketing operations on this account were commenced on 1st August 1943 and were completed on 31st July 1945.

We have received the system of internal control and the accounting procedures of the Board and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The surplus from operations of the Wheat Board on 1943-44 Crop Account, Western Division, for the period from 1st August 1943 to 31st July 1945, was \$36,387,548.30, as shown by the accompanying Statement of Operations. The amount available at 30th November 1946 for final payments on participation certificates in the hands of producers in connection with the 1943-44 Crop Account is \$36,725,167.12 computed as follows:

Surplus on operations to 31st July 1945		\$36,387,548.30
Add: Interest thereon to 31st July 1944		902,289.16
		<hr/>
		37,289,837.46
Deduct: Prairie Farm Assistance Act levy	\$370,961.28	
Estimated cost of issuing final		
payments	495,000.00	865,961.28
		<hr/>
		36,423,876.18
Add: Interest on the surplus as at 31st July 1945 for the period from 1st August 1946 to 30th November 1946		301,290.94
		<hr/>
Amount payable to producers as at 30th November 1946		\$36,725,167.12
		<hr/>

A total of 293,375,116-05 bushels of wheat was delivered to the Board by producers in the Western Division during the 1943-44 crop year. The average price realized on sales of this wheat during the period of marketing operations was \$1.41193, basis One Hard or One Northern in store Fort William/Port Arthur or Vancouver. The fixed initial payment to producers of these grades was \$1.25 per bushel, and the average cost for storage, interest, and all other expenses was 4.047 cents per bushel, leaving a surplus of 12.146 cents per bushel now payable to producers who delivered the foregoing grades of wheat to the Board. The final payment for grades other than One Hard or One Northern will also be 12.146 cents per bushel, excepting in cases where certain of these grades were sold by the Board at discounts under One Northern greater or less than those at which the same grades were purchased from producers.

In our opinion the accompanying Statement of Operations is properly drawn up so as to exhibit a true and correct view of the financial results of operations on 1943-44 Crop Account, Western Division, for the period from 1st August 1943 to 31st July 1945, according to the best of our information, the explanations given to us, and as shown by the books of The Canadian Wheat Board. We have obtained all the information and explanations which we have required.

MILLAR, MACDONALD & CO.

Chartered Accountants
Auditors

THE CANADIAN

1943 Crop Account

STATEMENT OF

For the period from 1st August

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:

Sales at Class II prices.....

Sales under authority of Order in Council P.C. 1116 of 20th February 1945:

Section 2B—Interim domestic.....

Section 3 — Replenishment account.....

Section 8 — Domestic.....

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Less: Freight and handling charges recovered on shipments from country points to the United States.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage charges.....

Administrative and general expenses.....

Deduct: Carrying costs recovered from Crown Wheat Account under authority of Section 10 of Order in Council P.C. 1116 of 20th February 1945.....

Surplus from the operations of the Wheat Board on 1943 Crop Account, Western Division, for the period from 1st August 1943 to 31st July 1945.....

Approved:

GEO. McIVOR
Chief CommissionerW. C. McNAMARA,
Assistant Chief CommissionerF. ARNOLD,
Commissioner

WHEAT BOARD

Western Division

OPERATIONS

1943 to 31st July 1945

BUSHEL		AMOUNT	
	<u>293,375,116-05</u>		\$ 354,393,468.58
	235,128,852-01	\$ 329,857,325.50	
9,886,640-00		\$ 11,771,904.54	
18,474,620-00		26,042,435.46	
<u>29,885,004-04</u>		<u>35,319,493.93</u>	
	58,246,264-04	73,133,833.93	
	<u>293,375,116-05</u>		402,991,159.43
			<u>\$ 48,597,690.85</u>
		\$ 4,998,269.11	
		<u>5,345,758.09</u>	
		\$ 10,344,027.20	
		2,246,357.13	
		\$ 1,162,016.97	
		<u>309,849.14</u>	
		852,167.83	
		11,175.83	
		(38,921.59)	
		73,200.90	
		<u>637,004.32</u>	
		\$ 14,125,011.62	
		<u>1,914,869.07</u>	
			<u>12,210,142.55</u>
			<u>\$ 36,387,548.30</u>

This is the Statement of Operations which is referred to in our report of this date attached hereto.

Winnipeg, Manitoba,
29th August 1946.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

Mr. SENN: I would like to ask Mr. McIvor one more question in regard to the distribution of that equalization fund for Ontario winter wheat. As I heard him he said it was 8 cents, to be paid by the miller for the elevator company. What check-up do you have to see that that is actually paid?

Mr. McIVOR: Well, unless the elevator man sends in his report he is out the money himself; in other words, unless he pays the man and takes a receipt and attaches that receipt to his claim statement which he sends to us, to the board, he is simply out that much money.

Mr. SENN: Supposing a farmer made a claim and the elevator had not paid it?

Mr. McIVOR: He has to send in the receipt from the man who delivered the grain.

Mr. SENN: That is what I wanted to know.

The CHAIRMAN: Now, we will go back to some of those questions which were asked previously and with respect to which Mr. McIvor is now able to furnish the answers.

Mr. McIVOR: Mr. Chairman, there is the matter of these questions, and there is the matter of Mr. Wright's request the other day that we should have some explanation of the acreage control arrangement. That is still outstanding, but we have Mr. Malaher here to-day and I think he will be able to deal with that question. Now, is it your wish that I should proceed and give the answers to the questions still outstanding, as far as I have them?

The CHAIRMAN: All right.

Mr. McIVOR: The first statement is:

Breakdown of Wheat Exports to United States

For human consumption:	·4 million bushels
Unfit for human consumption:	·7 million bushels
Milling and bond:	11·2 million bushels
Total	12·3 million bushels

The next question was with respect to free freight wheat. The answer is:
Free Freight Wheat

October, 1941 to July 1942:	13·5 million bushels
1942-43	19·0 " "
1943-44	29·2 " "
1944-45	26·0 " "
1945-46	27·0 " "
Industrial uses (mainly distilling)	
1941-42	·3 million bushels
1942-43	2·6 " "
1943-44	5·6 " "
1944-45	7·7 " "
1945-46	6·0 " "

In addition, from 500,000 to 700,000 bushels of wheat are used for breakfast foods.

The foregoing statistics are supplied by the agriculture branch of the Dominion Bureau of Statistics.

Then there was a question relating to flour exports for 1945-46:

Flour Exports 1945-46

To the United Kingdom	27·8 million bushels
To other countries	34·2 " "
	—————
Total	62·0 million bushels
	—————

Then a question arose as to how we arrived at our class II price, the price on our class II wheat. I have here a prepared statement which I thought would give the background of that. Would you like me to read it?

The CHAIRMAN: Yes, if you will, please.

Mr. McIVOR: This is the statement we have prepared:

"CLASS TWO PRICE

When the board was given monopoly powers on September 27, 1943 the sales position on specific instructions by the dominion government was as follows:

- (a) United Kingdom requirements were for the time being provided from the Crown account under the mutual aid program;
- (b) Other countries in receipt of mutual aid were provided for through Crown account;
- (c) The domestic market was for the time being to be supplied from Crown account.

This left a range of countries which would require Canadian wheat or Canadian wheat in the form of flour for which export price had to be established by the board.

The original basis of the board's class 2 price is set forth in the Annual Report of the Board for 1944-45, Page 15:

The Board's Class II Price

During 1944-45 the board's class II price (at which producers' wheat was sold) continued on substantially the same basis that was in effect from the closing of the market on September 27, 1943. The board's class II price fluctuated with wheat prices on United States markets, but preserved as nearly as possible the price relationship which existed between Canadian and United States wheat prices on September 27, 1943. For example, the Chicago near-by futures was \$1.49 on September 27, 1943 when trading in wheat futures in Winnipeg was suspended, and if at a later date it had risen to \$1.64 the board's class II price would have moved upward by 15 cents per bushel, bringing the board's class II price from \$1.25 to \$1.40 per bushel. Subsequently the basis of the class II price was broadened to take into account the trend of prices in leading United States cash markets. In the final months of the crop year, the board maintained its class II price at \$1.55 per bushel in spite of uncertain tendencies in United States wheat prices. This was done pending development of new crops and during price discussions with the dominion government. During 1944-45 the board's class II price applied to countries not receiving mutual aid and to the United Nations organizations operating on a cash basis

The following table shows the monthly range of the board's class II price for the crop year 1944-45:

	<i>Price per bushel</i>
August, 1944	\$1.34-\$1.37
September	1.34- 1.38
October	1.38- 1.46
November	1.44- 1.47
December	1.45- 1.48
January, 1945	1.43- 1.48
February	1.48- 1.51
March	1.51- 1.53
April	1.53- 1.54
May	1.54- 1.55
June	1.55- 1.55
July	1.55- 1.55

In the face of uncertain market trends in the United States following the harvesting of a large wheat crop in 1945, the board maintained its class 2 price at \$1.55 per bushel until September 19, 1945 when the Dominion government by order in council instructed the board to sell wheat for export for the time being at a price not exceeding \$1.55 per bushel for One Northern wheat basis in store Fort William/Port Arthur or Vancouver.

On August 1, 1946 the board was again in the position of having to establish a class 2 price for wheat. The basis was laid down by the dominion government in the announcement of wheat policy on July 31st, 1946. The announcement stated, "In sales to non-contract countries, a serious effort will be made to sell at prices roughly corresponding to those of the other principal supplier—now, the United States".

Pursuant to this policy the Board has endeavoured during the present crop year to keep its class 2 price in line with export prices for United States wheat. In actual practice this policy has worked out on the basis of maintaining a reasonably close relationship between the price of Canadian class 2 wheat at seaboard and prices of American wheat at United States Atlantic ports. In other words, buyers of Canadian class 2 wheat pay approximately the same price for this wheat as they pay for United States export wheat, having regard to quality.

It should be pointed out that since the establishment of a class 2 price in the fall of 1943, the United States position has undergone a great change. In 1943-44 the United States was a large importer of wheat and purely domestic considerations predominated in the price field. In 1944-45 the United States was a small exporter of wheat and also imported some wheat. Again domestic considerations were important pricewise in that country. In 1945-46 and 1946-47, the United States on the basis of two exceptionally large wheat crops became a very large exporter of wheat and in these two crop years Canada and the United States had much in common from the standpoint of providing wheat for export.

The CHAIRMAN: Is there anything else?

Mr. HARKNESS: In connection with the statement which we got to-day, am I right in assuming that if I add up the first portion of the statistics here—which I did and came roughly to between \$137,000,000 and \$138,000,000—that that is the amount that the dominion treasury will either pay or be called upon to pay as the result of wheat and other grain operations during the war years?

The WITNESS: If I may?

The CHAIRMAN: Yes.

The WITNESS: You say you have added the deficit figures all the way through?

Mr. HARKNESS: Yes.

The WITNESS: But there are some offsets.

Mr. HARKNESS: There are a lot of offsets. There is this surplus on the first page of \$202,000,000 and against that is a deficit offset of \$81,000,000.

The WITNESS: No; but it is in respect to that \$81,000,000 there are offsets—such as on page 4, the flax surplus of \$1,726,958.29; and P.C. 1803, on page 5, a surplus of \$2,280,689.96; and finally on page 6, the surplus on Canadian Co-operative stocks, there is the old wheat stock, \$24,809,988.42.

By Mr. Harkness:

Q. Then the situation would be if you supplied the surpluses except the last one which was there before these war operations were started, you would probably subtract something like \$4,000,000 or \$5,000,000; and the remainder, \$132,000,000 or something like that would be the actual deficit on operations during the war years, would it?—A. No, not during the war years, would they? I mean there is the Crown account, that is true.

Q. What I did was to add the \$81,000,000 on the first page and—2828344—perhaps we should make that calculation for you, if you would like us to, Mr. Harkness; would that be all right?

Q. Yes, I would be glad if you would do that. I just added it up roughly.—A. We will do that right away for you, sir.

Mr. McIVOR: Perhaps it is not necessary for me to comment on this, Mr. Harkness; but, of course, price control policy entered into this.

Mr. HARKNESS: That is the chief thing in that.

Mr. McIVOR: Yes, I was wondering if you had that in mind.

Mr. HARKNESS: You remember that I asked yesterday for a brief statement as to what would be the deficits the dominion treasury would have to meet as a result of operations at all times during the war years by the wheat board, and in regard to grains and so forth; what I wanted was really the total figure of these deficits. What I am doing now is taking the figures on this statement, and I have made it roughly \$138,000,000 on grain, but apparently there are \$3,000,000 or \$4,000,000 to come off that.

Mr. McVEY: Yes.

Mr. HARKNESS: What I want to get at is what the actual figure is.

The WITNESS: We will work that out for you. Is that quite all right with you, sir?

The CHAIRMAN: Yes. Gentlemen, you understand that the report that we are discussing at the moment was tabled prior to yesterday and it appears in yesterday's report. I mention that for your convenience in case you later wish to refer to the report itself.

Are there any further questions you would like to ask while they are working out these figures?

Mr. WRIGHT: There was the question of controlled acreages.

Mr. McIVOR: Mr. Malaher is here. May I call him to deal with that.

Mr. WRIGHT: Maybe Mr. Malaher could give us a brief review and background of the policy first.

Mr. McIVOR: May I introduce Mr. Malaher who is the chief of our Acreage Branch.

Mr. W. G. Malaher, called:

The WITNESS: Mr. Chairman and gentlemen, I am not sure just what procedure you would like me to follow, but Mr. Wright has indicated that he would like to have a brief outline of how the authorized acreage has been arrived

at in the case of each producer, and I shall attempt to give that. I have prepared a short statement dealing with the matter and if it is your wish I shall be glad to read it to the committee.

The CHAIRMAN: If it is not too long.

The WITNESS: It will take possibly a quarter of an hour at least.

Mr. WRIGHT: I think you had better read the statement and that may answer some of the questions which I had in mind to ask.

The WITNESS: It might, and I thought it would obviate having to go back from time to time in order to explain something which had happened previously. Will it be satisfactory if I read this, and then if there are any questions I will do my best to answer them?

The CHAIRMAN: Yes.

The WITNESS: The statement is as follows:

Several questions have been raised with respect to the allotment of "authorized wheat acreage". In particular, these questions are:

1. What is the precise method that has been followed in the establishment of an "authorized wheat acreage" for each producer in the west;
2. Why is there an apparent difference in the allotment given producers located in the same district, as well as in that given producers living in different parts of the same province?

The first of these questions can best be answered by giving a brief outline of the various steps that have been taken to develop a satisfactory basis for all producers in the west. Such an outline, too, will serve to emphasize the point that the present "authorized acreage" set-up (which will be in effect until July 31 of this year) has been very gradually worked out over the past five years, modified here and corrected there only as more complete information became available, and after a very careful study of each problem as it arose from time to time.

During the crop year 1940, since all wheat deliveries were based upon the seeded acreage for that year, there existed no problem of revision or adjustment.

1941 Policy

In the 1941-42 crop year the Board was authorized to restrict wheat marketings to 230 million bushels. With the limitation of marketings, the acreage basis for delivery purposes had to be fixed. The basis chosen was 65 per cent of the 1940 seeded wheat acreage. The use of the 1940 wheat acreage figure was merely a stop-gap until a fairer method could be set up and it was anticipated that certain changes would have to be made as time went on.

With authorized acreage based upon the operations of the single year 1940, the Board was immediately faced with the problem of revision. Many producers found themselves at a disadvantage because of a low 1940 wheat acreage and it became necessary to devise some basis for adjustment in the case of those requesting review. Also to be considered were those who operated land that carried no wheat in the basic year. Still a third group, producers with an abnormally high wheat acreage in 1940, had to be reduced to a more reasonable level.

As a result a station, or district average, was established for all points in the west, the basis in each case being 65 per cent of the 1940 wheat acreage in per cent of total farm acreage. This basis was not entirely satisfactory, though it was the best that could be devised from information available at the time. The use of a total farm acreage figure in making adjustments, however, was not always found to be equitable for the reason that the operator with a large farm but comparatively small cultivated acreage was at a distinct advantage.

From this point forward and continuing throughout 1942-1943, producers wishing to have their authorized acreage reviewed were asked to write the acreage department of the Board direct. During the three-year period some 35,000 cases were reviewed and it was found that a considerable number of these required an upward adjustment in "authorized".

1942 Policy

At the end of the 1941-42 crop year, it became evident that the 1940 wheat acreage would in future be very difficult to check in all instances. At the same time the station or district average was not proving entirely satisfactory for the reasons mentioned above. It therefore became necessary to develop a more permanent basis for adjustment purposes and for use in all cases where the 1940 wheat acreage was obscure. By this time more complete acreage details for each district had been compiled by the acreage department and after careful study of the situation, it was decided to make use of the cultivated acreage figure. Accordingly, a new district average, based on cultivated acreage rather than total farm acreage, was worked out for all delivery points in the west.

It was found that the new district averages ranged from less than 20 at some points in the "park belt", to slightly more than 50 in several of the wheat producing districts, reflecting wide variations in district practice so far as wheat growing was concerned. Moreover, in the wheat growing area of southern Saskatchewan, the percentage at a number of stations was clearly on the low side, reflecting abnormally low acreage seeded to wheat in 1940 following a series of poor years and generally adverse conditions. To have accepted the 1940 wheat acreage for these areas as normal would have meant that many districts would have perhaps received as little as 25 to 30 per cent of the actual cultivated acreage as "authorized"—a situation which would have placed the producers concerned under a severe handicap. For this reason in the area referred to, two definite zones were established designated "S-35" and "S-38" respectively. In the former, all station averages less than 35 were automatically raised to that figure whilst in the "S-38" zone, similar adjustments were made to the 38 level. Like treatment was accorded stations in the special areas of Alberta.

1944 Policy

In the spring of 1944, it was realized that there were still a number of farms in the West which carried authorized acreage below the general level of the district. With this in mind, at a meeting of the advisory committee held on October 26th, 1943, the Board submitted the following recommendation:

That every producer now having an authorized acreage below the average for his district be adjusted to the station average, thus placing him closely in line with other producers having the same cultivated acreage as himself, and eliminating inequalities which exist under the present allotment.

This recommendation was subsequently approved, the adjustment being made in the early part of 1944 and resulting changes in authorized acreage applying on all permits issued during the 1944-45 crop year. The immediate effect of this adjustment was to increase the authorized acreage figure for the west from approximately 20,000,000 acres to slightly over 22,000,000 acres. It was now possible to depart entirely from the 1940 basis which had become difficult to apply and to discontinue reviewing the position of individual growers who, for one reason or another, had received a low authorized acreage.

1945 Policy

With the prospect of continuing acreage controls, a complete survey of all permits issued the preceding year was made early in the spring of 1945. It was found that despite the several adjustments up to that time, a fairly large group of producers still had an authorized acreage considerably above the district or station average. The final step was to reduce all those in this position to the general level of the district, effective for the crop year 1945-46. The authorized acreage for all producers at the same point was now for the first time stabilized at a figure within a narrow range of the district average.

Under the present system the allotment of authorized acreage is in direct ratio to the cultivated acreage which each producer farms. When an operator takes on additional land and the size of his cultivated area is increased, an adjustment is made in the "authorized" to take care of the larger cultivated acreage. When the size of the farm is decreased, a corresponding downward adjustment is made. As new land comes under cultivation, the producer is asked to report the breaking to the Board at the time he takes out his new permit book. Allowance is then made for the breaking in setting up the authorized acreage for the ensuing year.

Passing to the second question, "why is there an apparent difference in the allotment given producers located in the same district as well as in that given producers living in different parts of the same Province." From the distinction that has been made between cultivated acreage and total farm acreage, it will be clear that a comparison of authorized acreages on farms within the same district cannot be made on the basis of two half sections or two section farms but rather on the basis of the number of acres that are under cultivation on each. In other words, a half section farm that is entirely under cultivation will receive as "authorized" approximately four times that given a half section farm in the same district with only 80 acres cultivated.

The reason for differences in authorized acreage in various parts of the province has already been explained, and is accounted for by the different farming practices reflected in the district average for each point. A producer at Kelvington, Sask., for instance, where coarse grains are chiefly grown, would receive an average of 24 to 28 authorized for every 100 acres under cultivation. A producer farming at Moose Jaw or Gravelbourg in the wheat area on the other hand would receive from 38-44 authorized for every 100 acres cultivated. In each case the figures reflect the history of the district so far as wheat growing is concerned.

For some time this point was not fully understood by producers who were quick to point out differences between their own allotment and that given other operators on similar sized farms elsewhere. Little difficulty is now experienced in this regard and it is felt that the basis is fairly well understood by producers throughout the west.

Station averages are, for the most part, quite uniform over relatively wide areas and appear to follow very closely the pattern of the various soil zones. Where fairly wide differences occur between adjoining districts these appear to reflect purely local differences in farming practice due to variation in soil, irrigation facilities, proximity to feeding centres, etc. It must not be overlooked, however, that district farming practice frequently does change over a period of years and for this reason, a further study of all districts might be necessary at some time in the future.

Conclusion:

It will be gathered from what has been said that not a few changes have been made since "authorized" acreage was originally established for each farm in 1941. The Board has moved cautiously in respect to this whole matter and whilst

the present system has, it is felt, served the purpose reasonably well, undoubtedly further improvements can be made if in the future it is necessary to revert to acreage controls.

Now, that is the end of what I prepared. I have no doubt that Mr. Wright will have one or two particular questions which I shall be very glad to try to answer.

Mr. WRIGHT: I would like to thank Mr. Malaher for his very complete statement. He has cleared up quite a few things in my mind on which I was not clear before. I am sure the board are following the thing closely and they will adjust it as conditions change. The latter part of the statement referred to what I was interested in, the changes in production plans in many districts. I know a district where ten years ago 60 per cent of the crop was coarse grains and where today 60 per cent of the crop is wheat. There is a gradual change, as the country opens up and farms get larger. You state that this is kept under review from time to time. Just how would a district be reviewed?

The WITNESS: I will be glad to explain that. We have a very complete and exhaustive records on every district. They have been kept since 1941. Not only total acreages, but acreages by size of farm, by soil zone and in every other manner in which it is possible to keep records; Thus we have a cumulative history, as it were, of each district, we know the percentage of different grains seeded from year to year, etc. It is possible for us to follow through any changes that are taking place in any particular district. So far, of course, we have not made any basic change in the district average but we have the figures in readiness; and I am quite sure that if we have to revert to acreage control we shall have to review the position of each district once again.

The CHAIRMAN: Is that satisfactory, Mr. Wright?

Mr. WRIGHT: That is satisfactory.

The CHAIRMAN: Now, gentlemen, can we finish this report; unless you have more questions to ask.

Mr. McIVOR: Mr. Chairman, there were two questions outstanding; one was a series of questions asked by Mr. Diefenbaker, and the other relates to the question asked by Mr. Wright. I think it was agreed in regard to the latter question that there was some doubt about being able to prepare the information in time. I do not think we will have it ready, Mr. Wright. We will undertake to file it with the chairman of the committee. Is that satisfactory.

Mr. WRIGHT: Yes.

Mr. HARKNESS: What is the status of Mr. Diefenbaker's question; have you got that information yet?

Mr. McVEY: No, we haven't got it yet, because we had to go back to the three or four years to which Mr. Diefenbaker referred, and I am not prepared to say definitely just when it might be ready. I think it will have to be in the same position of having to be filed.

Mr. McIVOR: Will that be satisfactory to the committee, if we send the committee these answers?

Mr. HARKNESS: I do not know whether it will be satisfactory or not to Mr. Diefenbaker. I think he wanted to ask some further questions in connection with the matters when he got the answers. However, you do not think there is any chance of getting it for this afternoon's or to-morrow's meeting, something along that line?

Mr. McVEY: I should say that there is a fair chance of having most of it by to-morrow. I would not promise it for this afternoon.

Mr. JUTRAS: Could we not have that tabled with the other information?

The CHAIRMAN: I am entirely in the hands of the committee. It is whatever they wish. I am open for suggestions.

Mr. HARKNESS: I did not ask the questions, I just put it that I had the idea that Mr. Diefenbaker wanted to ask some further questions on them.

The CHAIRMAN: This may go on till next week; of course, we can't do that, next week, I am sorry to say.

Mr. McIVOR: With regard to the question which you put, Mr. Harkness; I don't remember just what it was, you said something about wartime deficits, didn't you?

Mr. HARKNESS: Yes, the deficits that have been incurred by the board during the period of the war, since the wheat board were given the job of carrying out the government's policy in regard to grains and so on.

Mr. McVEY: In order to give you that we have to do a lot of work. The nearest figure that we could give you on the marketing of wheat—we would have to go back and pick out the producer accounts from year to year and that would include all those for the operations from 1935-36, right through to 1939-40. We could give you some of that now.

Mr. HARKNESS: All right, let's have them. I don't care what they cover.

Mr. McVEY: These producers' deficits as shown on page 1 are \$81,846,665.02. All other accounts, including Crown accounts, oats, the barley deficits, flax and so forth, were \$51,982,140.46; and the total of those two, \$133,828,805.48. The offset surplus on the wheat was taken over and put on the Canadian cooperative is \$24,809,988.42, leaving a figure of \$109,018,817.06.

Mr. HARKNESS: That is fine.

The CHAIRMAN: Now, that will do for the moment. I feel that all these questions which can be answered should be answered. Any further information as becomes available can be handed to me and I will see that it is included in the report.

Mr. GOLDING: I think if it is filed that would be all right.

Mr. BURTON: I was going to inquire as to when you expect the committee will meet again to adopt the report to the House?

The CHAIRMAN: I was prepared, if the committee are agreeable to go ahead and do it to-day. It is whatever the committee wants.

Mr. BURTON: I do not think we should and that is the reason I asked. I do not think we should try to meet again to-day because of the work we have in the various committees and our duties in the House. I think as to the report that the work of the committee has now advanced far enough that we might very well leave it to you, Mr. Chairman, or whoever is to do it, the preparation of the draft report to the House and then we could meet again to discuss the draft report.

The CHAIRMAN: That is as the committee wishes. We may not be able to do that until next week.

Mr. JUTRAS: The report of this committee as I see it will be a very simple one, just that we have considered the annual report of the board and we have no definite suggestions to make with respect to it. I think we can leave it in the hands of the chairman, and I would move that we leave it in the hands of the chairman, because there is really no recommendation attached to it; it is just that we have considered the report and recommend it.

Mr. GOLDING: I would like to second that motion, Mr. Chairman; and I think we ought to take into consideration the position in which the chairman and the other members of the wheat board are; they are always ready to be of service to us but they are busy men. I do not think we should keep them here any longer than is absolutely necessary after their examination has been completed. I think that will be satisfactory.

Mr. WRIGHT: I would be glad to support the motion but I think the matter should be referred to a steering committee. Have we a steering committee?

The CHAIRMAN: No, one has not been appointed, but that can be done if the committee so desire.

Mr. WRIGHT: I think that could be done. You will recall that the last time we met we had a steering committee who considered the report and brought it before the main committee.

The CHAIRMAN: Are you all agreed to that?

Carried.

Mr. WRIGHT: Before we close, Mr. Chairman, I would like to move a hearty vote of thanks from the committee to the chairman, the members of the board and the officers associated with them here for the very comprehensive and satisfactory way in which they have answered our questions and made their report.

Mr. WHITMAN: I would like to second that motion. It is always a pleasure to come here and listen to Mr. McIvor explain the report of the wheat board. It is unfortunate that Mr. Findlay was not able to be here, but I think we have had a very good substitute in the person of Mr. McVey. I think we are all very much enlightened, although some of the figures may have been over the heads of some of us. I have much pleasure in seconding Mr. Wright's motion.

The CHAIRMAN: You have heard the motion, what is your pleasure?

Carried.

Mr. McIVOR: Thank you very much, Mr. Chairman, and gentlemen; and we shall hope to see you perhaps a little earlier next year.

The committee adjourned at 1.05 p.m., sine die.

THE CANADIAN

ADMINISTRATION COSTS

For the years ended 31st

Marketing producers' wheat	Years ended 31st July											
	1939		1940		1941		1942		1943		1944	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Western Division—												
1938 Crop.....	662,342	52	84,937	39	5,000	00						
1939 Crop.....			470,867	16	108,057	72	43,387	34	38,284	08		170 00
1940 Crop.....					426,884	24	251,185	62	100,392	19	28,409	89
1941 Crop.....							285,116	85	27,568	37	13,377	80
1942 Crop.....									412,652	66	55,284	39
1943 Crop.....											436,834	56
1944 Crop.....												
1945 Crop.....												
Eastern Division—												
1939 Crop.....			49,757	56								
1940 Crop.....					24,416	19						
Special Wheat Operations—												
Special Account—P.C. 1803.....							37,189	16	19,173	88		50 00
Crown Wheat Account.....												111,104 09
Sundry Marketing Operations—												
Flaxseed.....							4,648	64	26,859	17	32,562	77
1942 Oats and Barley Stabilization.....									14,955	31		
Rapeseeds and Sunflower Seeds.....											4,386	66
Soybeans.....									5,848	10		213 56
Wheat Final Payments—												
Western Division.....												180,274 76
Eastern Division.....					2,110	74	1,656	40	818	87		
Equalization Funds, including Final Payments—												
Oats and Barley.....									5,174	10	104,693	82
Ontario Wheat Flour.....												
Drawback Administration.....									35,705	84	35,286	64
Processing Levy Administration.....					99,662	23						
Administration of Acreage, Permit and Quota Regulations.....					119,906	30	222,330	12	258,018	40	280,434	37
Completion of Seed and Feed transactions.....	15,000	00										
	677,342	52	605,562	11	786,037	42	845,514	13	945,450	97	1,283,083	31

WHEAT BOARD
AND ALLOCATION THEREOF
July 1939 to 31st July 1946

1945		1946		Total costs		Charged to account of		Bushels delivered by producers	Cost cents per bushel	
\$	cts.	\$	cts.	\$	cts.	Producers	Dominion Government			
						\$	cts.			
				752,279	91			752,279 91	292,574,748-35	-25712 (1)
				660,766	30			660,766 30	342,388,146-10	-19299 (1)
				806,871	94	806,871	94		395,355,522-20	-20409
				326,063	02	326,063	02		99,540,491-20	-32757
				467,937	05	467,937	05		167,505,292-40	-27936
163,169	76	37,000	00	637,004	32	637,004	32		293,375,116-05	-21713
416,476	66	288,537	73	705,014	39	705,014	39		352,397,056-10	-20006 (1-2)
		509,527	00	509,527	00	509,527	00		235,438,405-50	-21642 (1-2)
				49,757	56	49,757	56		4,254,935-50	1-16941
				24,416	19	24,416	19		1,354,315-00	1-80284
									Bushels handled	
									Cash grain	
				56,413	04			56,413 04	28,555,993-40	-19755
191,915	40	51,053	39	354,072	88			354,072 88	452,604,971-13	-07823 (2)
				106,806	48			106,806 48	39,794,903-25	-26839
				14,955	31			14,955 31	8,099,075-00	-18465
4,574	63	5,430	75	14,392	04			14,392 04	702,409-00	2-04895
				6,061	66			6,061 66	92,537-33	6-55049
329,227	17	256,851	82	766,353	75	766,353	75			(3)
				4,586	01	4,586	01			
168,513	35	143,288	34	421,669	61	215,311	24	206,358 37		(3)
2,572	26	12,363	45	14,935	71	14,935	71			(3)
34,537	03	39,121	38	144,650	89			144,650 89		
				99,662	23	99,662	23			
258,409	72	232,814	12	1,371,913	03			1,371,913 03		
						4,627,440	41	3,688,669 91		
				15,000	00	15,000	00			Recovered from Provincial Governments
1,592,543	53	1,595,576	33	8,331,110	32	4,642,440	41	3,688,669 91		

STANDING COMMITTEE

THE CANADIAN WHEAT BOARD

NOTES RE STATEMENT OF ADMINISTRATION COSTS AND ALLOCATION THEREOF

(1) The following figures which were read into the records at Ottawa have been amended in the attached statement:

(a) Total costs 1938 Crop—Amended to include \$24,298.57 for the London Office and \$196,942.74 for the special Overseas Advertising Campaign which was discontinued as at 31st July 1939.

(b) Bushels	Read as	Now stated as
1939 Crop	389,740,195-35	342,388,146-10
1944 Crop	354,616,509-10	352,397,056-10
1945 Crop	237,704,606-22	235,438,405-50

These amendments have been made so as to show only the bushels for which Producers' Certificates were issued. The cents-per-bushel costs for these crops (and for 1938 crop) have also been correspondingly amended.

- (2) These accounts were not final as at 31st July 1946. Administration costs required to complete the accounting for 1944 Crop and Crown Wheat Account will be small. On 1945-49 Account there were 23,718,766-43 bushels of unsold stocks as at 31st July 1946.
- (3) Final payments on these accounts are still in process and will necessitate additional administration costs subsequent to 31st July 1946.

THE CANADIAN WHEAT BOARD

COMMENTS RE INCREASES IN ADMINISTRATION COSTS

A. Administration Costs 1939	\$ 677,342.00	
Less: Overseas Advertising Campaign	195,677.00	
		\$ 481,665.00
Administration Costs 1942		845,514.00
Increase		\$ 363,849.00

In the year ended 31st July 1939 only one Producers' crop was in process of marketing; in 1942 there were three crops in process for which the administration costs in 1942 were \$579,659.00, an increase over 1939 of \$97,994.00	\$ 97,994.00
In 1942 the following costs were incurred on accounts which did not exist in 1939:	
Special Account—P.C. 1803	37,189.00
Flaxseed	4,648.00
Acreege, Permit and Quota regulations	222,330.00
	\$ 362,161.00

B. Administration Costs 1945	\$ 1,592,543.00
Administration Costs 1942	845,514.00
Increase	\$ 747,029.00

In 1945 the following costs were incurred on accounts which did not exist in 1942:

Crown Wheat Account	\$ 191,915.00
Seeds Accounts	4,574.00
Wheat Final Payments—Western Division	329,227.00
Equalization Funds—Oats and Barley	168,513.00
—Ontario Wheat Flour	2,572.00
Drawback Administration	34,537.00
	\$ 731,338.00

THE CANADIAN WHEAT BOARD

DETAILS OF ADMINISTRATIVE EXPENSES REQUESTED BY MR. DIEFENBAKER

First—The amount of salaries and wages paid during the two years in question to commissioners, officers and office staffs in toto; and the separate office field staffs and the overseas staffs.

	31st July 1945	31st July 1946
Commissioners, officers and office staffs in toto:		
Commissioners.....	\$ 40,000.00	\$ 40,000.00
Officers.....	183,523.32	201,439.69
Office staffs.....	852,007.82	853,509.90
Inspectors.....	38,584.94	45,476.75
	<u>\$ 1,114,116.08</u>	<u>\$ 1,140,426.34</u>
Separate office field staffs:		
Winnipeg—		
Commissioners.....	\$ 40,000.00	\$ 40,000.00
Officers.....	135,383.62	144,524.81
Office staff.....	791,643.76	785,088.73
Inspectors.....	26,626.25	28,770.00
	<u>993,653.63</u>	<u>998,383.54</u>
Calgary—		
Officers.....	14,250.00	14,500.00
Office staff.....	37,466.28	38,044.65
Inspectors.....	11,958.69	16,706.75
	<u>63,674.97</u>	<u>69,251.40</u>
Vancouver—		
Officers.....	9,539.84	19,573.24
Office staff.....	16,075.07	23,705.10
	<u>25,614.91</u>	<u>43,278.34</u>
Washington—		
Officers.....	3,999.86	1,791.64
Office staff.....	2,459.52	2,280.00
	<u>6,459.38</u>	<u>4,071.64</u>
Toronto—		
Officers.....	8,350.00	9,050.00
Office staff.....	3,084.78	3,036.03
	<u>11,434.78</u>	<u>12,086.03</u>
Overseas staffs:		
London, England—		
Officers.....	\$ 12,000.00	\$ 12,000.00
Office staff.....	1,278.41	1,355.39
	<u>13,278.41</u>	<u>13,355.39</u>

STANDING COMMITTEE

THE CANADIAN WHEAT BOARD

DETAILS OF ADMINISTRATIVE EXPENSES REQUESTED BY MR. DIEFENBAKER

Second—The total travelling and entertainment expenses during the two years which we are going to examine—I am not going to go beyond those—in regards to (a) commissioners, individually, (b) to members of the advisory board, individually and (c) to all other officers.

Travelling and entertainment expenses:	31st July 1945	31st July 1946
(a) Commissioners, individually		
Geo. H. McIvor.....	\$ 5,215.92*	\$ 4,609.65*
C. E. Huntting.....	503.02	2,506.46
W. C. McNamara.....	Nil	3,231.13
D. A. Kane.....	2,689.10	1,271.78
C. Gordon Smith.....	960.39	Nil
	<hr/> \$ 9,368.43	<hr/> \$ 11,619.02
* Inclusive of expenses incurred on overseas missions.		
(b) Members of the advisory board, individually		
R. C. Brown.....	\$ 472.65	\$ 342.50
D. A. Campbell.....	677.30	716.22
F. H. Clendenning.....	567.83	558.97
Paul Farnalls.....	599.20	715.85
Lew Hutchinson.....	535.60	408.50
J. A. McCowan.....	854.40	647.45
Fred Pettypiece.....	767.32	360.00
R. C. Reece.....	288.20	175.80
A. C. Reid.....	522.10	252.80
J. Theo Roy.....	713.55	595.10
J. H. Wesson.....	521.50	261.20
	<hr/> \$ 6,249.65	<hr/> \$ 5,034.39
(c) All other officers.....	\$ 23,465.85	\$ 23,239.18

NOTE.—Travelling expenses include fares, living expenses, etc., and incidental hospitality incurred by members of the Board while travelling on official business.

THE CANADIAN WHEAT BOARD

DETAILS OF ADMINISTRATIVE EXPENSES REQUESTED BY MR. DIEFENBAKER

Third—The total number of officers and employees in each of the years 1945 and 1946 compared with the numbers in 1940.

Total number of officers and employees:
(Excluding temporary employees)

	1940	1945	1946
Winnipeg —Acreage		38	35
Car Supply		10	10
Permit		47	38
Quota		8	8
Coding	8	35	31
Comptometer	11	18	18
Country purchases	19	26	23
Oats and Barley Equalization		18	32
Flax, Drawback, Export Permits, Etc.		15	16
Executive and General Staff	66	86	89
Grain Department	26	38	48
Inspectors	4	11	11
Legal Department	2	11	12
Tabulating	16	58	67
Traffic Department	9	6	6
Payment Department		144	138
Messengers and Office boys	7	20	20
	<u>168</u>	<u>589</u>	<u>602</u>
Calgary —General staff	20	22	25
Inspectors	2	5	6
	<u>22</u>	<u>27</u>	<u>31</u>
Vancouver—General staff	14	13	17
Toronto —General staff	18	3	3
Inspectors	1	1	1
	<u>19</u>	<u>4</u>	<u>4</u>
Washington, D.C.	Nil	2	2
London, England	2	2	2
Total Personnel	<u>225</u>	<u>637</u>	<u>658</u>

STANDING COMMITTEE

THE CANADIAN WHEAT BOARD

DETAILS OF ADMINISTRATIVE EXPENSES REQUESTED BY MR. DIEFENBAKER

Fourth—The expenses of operating the following offices of the Wheat Board to July 31st in each of the two years 1945 and 1946; Winnipeg, Vancouver, Fort William-Port Arthur, Calgary, Toronto, Montreal, Washington, D.C. and London, England.

Expenses of operating:	Offices	31st July 1945	31st July 1946
	Winnipeg	\$ 1,418,346.36	\$ 1,389,353.10
	Vancouver	34,058.43	57,699.93
	Fort William-Port Arthur	Nil	Nil
	Calgary	88,243.29	97,790.70
	Toronto	17,207.92	18,401.38
	Montreal	Nil	Nil
	Washington, D.C.	15,866.37	12,498.35
	London, England	18,821.16	19,832.87
		<u>\$ 1,592,543.53</u>	<u>\$ 1,595,576.33</u>

THE CANADIAN WHEAT BOARD

DETAILS OF ADMINISTRATIVE EXPENSES REQUESTED BY MR. DIEFENBAKER

Fifth—The total fees and legal expenses paid by the Board in the two years in question; and, to whom.

Legal fees and legal expenses:	Paid to	31st July 1945	31st July 1946
Borland & McIntyre	Saskatoon, Sask.	\$ 58.05	
J. T. Leger	Saskatoon, Sask.	72.35	
A. MacDonald	Rosetown, Sask.	28.70	\$ 18.64
J. C. Martin, K.C.	Weyburn, Sask.	19.40	
C. L. St. Joh, K.C.	Minnedosa, Man.	524.84	
G. C. Thompson	Swift Current, Sask.	16.85	
G. H. Yule, K.C.	Saskatoon, Sask.	333.65	
Edwards and Cromarty	Calgary, Alberta		66.41
E. S. Williams, K.C.	Regina, Sask.		3.50
Sundry expenses, Legal Department, (Oatway vs The Canadian Wheat Board)		6.15	
		<u>\$ 1,059.99</u>	<u>\$ 88.55</u>

NOTE: The Board maintains its own Legal Department, the cost of which is shown under salaries and other expenses for Winnipeg office.

Reserve for anticipated legal fees

\$ 3,500.00

In 1945 the provision for \$3,500.00 was made to cover legal expenses anticipated but not yet billed to the Board.

THE CANADIAN WHEAT BOARD

DETAILS OF ADMINISTRATIVE EXPENSES REQUESTED BY MR. DIEFENBAKER

Sixth—The total amount spent in advertising by the Board in these two years in (a) newspapers and periodicals, (b) radio advertising and (c) other advertising.

	31st July 1945	31st July 1946
Amount spent in advertising:		
(a) Newspapers and periodicals.....	Nil	Nil
(b) Radio advertising.....	Nil	Nil
(c) Other advertising.....	Nil	Nil

NOTE: The Board issues pamphlets and circulars to the Trade, all explanatory, drawing attention to Board regulations but does not carry on any publicity campaign.

THE CANADIAN WHEAT BOARD

DETAILS OF ADMINISTRATIVE EXPENSES REQUESTED BY MR. DIEFENBAKER

Seventh—Also the following particulars for the several offices I have mentioned—Winnipeg, Vancouver, Washington, London and so on—first salaries, then rentals; travelling and entertainment expenses; and advertising expenses—that is by offices.

	Offices	31st July 1945	31st July 1946
Salaries:	Winnipeg.....	\$ 993,653.63	\$ 998,383.54
	Vancouver.....	25,614.91	43,278.34
	Fort William-Port Arthur.....	Nil	Nil
	Calgary.....	63,674.97	69,251.40
	Toronto.....	11,434.78	12,086.03
	Montreal.....	Nil	Nil
	Washington, D.C.....	6,459.38	4,071.64
	London, England.....	13,278.41	13,355.39
		<u>\$ 1,114,116.08</u>	<u>\$ 1,140,426.34</u>
Rentals: (including lighting)	Winnipeg.....	\$ 55,331.63	\$ 55,259.83
	Vancouver.....	2,600.74	3,494.78
	Fort William-Port Arthur.....	Nil	Nil
	Calgary.....	2,173.25	2,181.76
	Toronto.....	1,200.00	1,200.00
	Montreal.....	Nil	Nil
	Washington, D.C.....	Nil	Nil
	London, England.....	1,054.60	1,041.11
		<u>\$ 62,360.22</u>	<u>\$ 63,177.48</u>
Travelling and entertainment expenses:	Winnipeg.....	\$ 23,055.46	\$ 22,477.00
	Vancouver.....	325.17	1,761.90
	Fort William-Port Arthur.....	Nil	Nil
	Calgary.....	773.60	938.15
	Toronto.....	139.78	590.43
	Montreal.....	Nil	Nil
	Washington, D.C.....	3,650.43	4,028.98
	* —Living allowance.....	2,391.63	1,866.64
	London, England.....	2,498.21	3,195.10
		<u>\$ 32,834.28</u>	<u>\$ 34,858.20</u>
Travelling expenses —Inspectors:	Winnipeg.....	\$ 28,179.31	\$ 29,724.95
	Calgary.....	10,571.04	13,773.68
	Toronto.....	1,346.62	1,551.65
		<u>\$ 40,096.67</u>	<u>\$ 45,050.28</u>
Advertising expenses.....		Nil	Nil

Note: *Living allowance granted on account of special conditions appertaining to Washington, D.C.

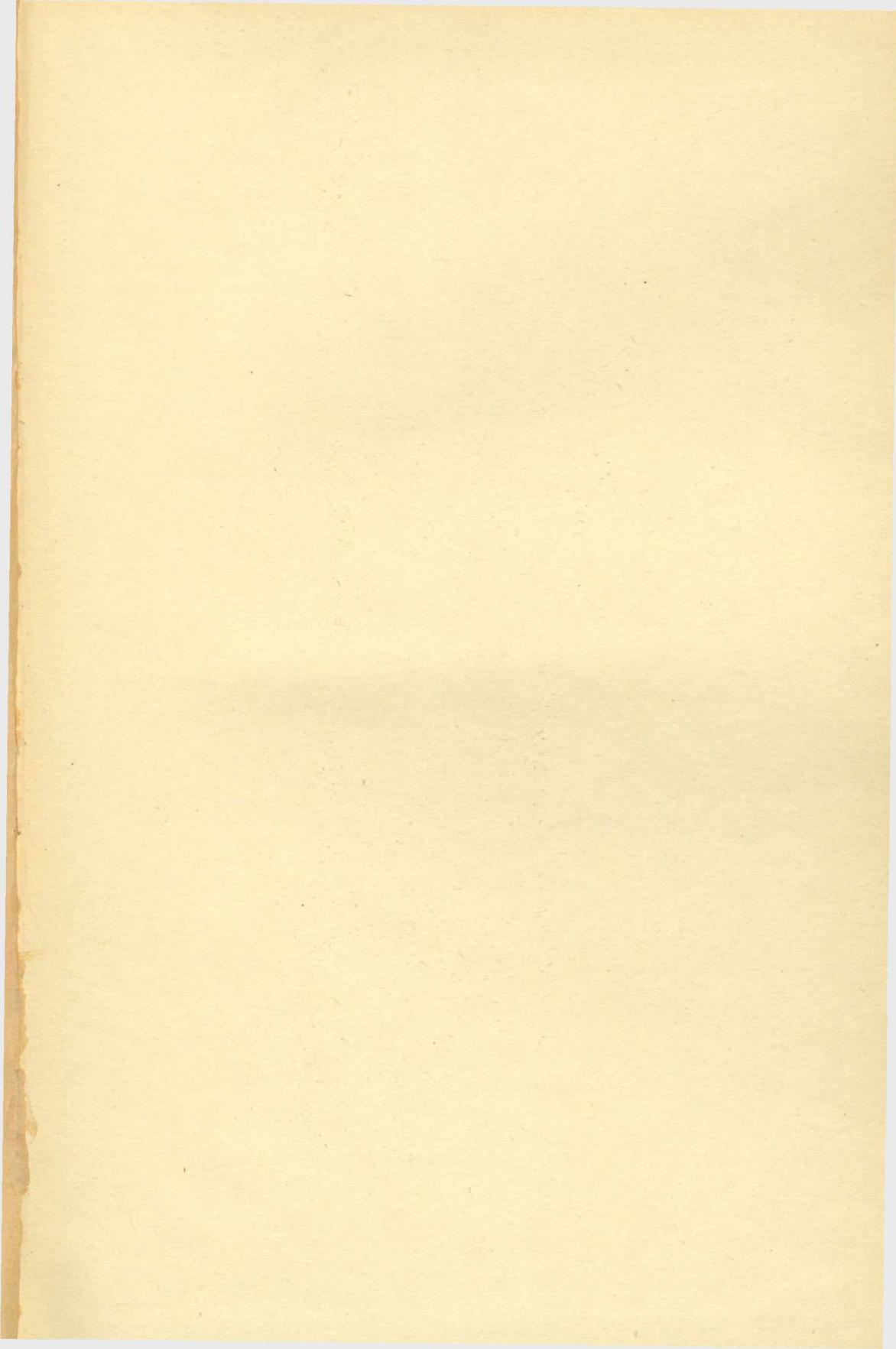
THE CANADIAN WHEAT BOARD

APPENDIX "C"

CROWN WHEAT ACCOUNT

Net Sales Recorded by Months

Month	Bushels	
	Net Sales Class I	Replenishment Account—Mutual Aid Basis \$1.46
1943		
October.....	7,069,526-45	
November.....	14,491,393-40	
December.....	8,298,141-45	
1944		
January.....	1,210,455-40	
February.....	28,986,616-11	
March.....	10,142,682-50	
April.....	10,392,977-40	
May.....	1,298,146-30	
June.....	17,079,830-44	
July.....	18,579,452-55	
August.....	11,656,704-20	
September.....	16,879,577-50	
October.....	29,010,153-08	
November.....	18,787,359-20	
December.....	29,843,925-53	
1945		
January.....	43,102,044-45	
February.....	33,180,178-53	
March.....	27,359,658-32	
April.....	27,497,473-17	
May.....	4,391,878-22	1,789,550-30
June.....	(644,342-55)	10,069,302-00
July.....	(5,028,546-10)	36,395,097-30
August.....	5,053,239-51	16,097,051-00
September.....		17,466,485-55
October.....		2,918,841-50
November.....		8,681,920-39
December.....		
1946		
January.....		548,202-33
	<u>358,638,519-16</u>	<u>93,966,451-57</u>



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