

Room 10-A
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Canada. Parl. H. of C. Standing
Comm. on Agriculture and
Colonization, 1944/45.
Minutes of proceedings
and evidence.

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Canada. Parl. H. of C. Standing
Comm. on Agriculture and
Colonization, 1944/45.

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SESSION 1944
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 1

WEDNESDAY, JUNE 21, 1944
TUESDAY, JUNE 27, 1944

Reference
REPORT OF CANADIAN WHEAT BOARD FOR
CROP YEAR 1942-1943

WITNESSES:

Mr. George McIvor, Chairman of the Canadian Wheat Board
Mr. C. B. Davidson, Executive Assistant of the Canadian Wheat Board
Mr. R. C. Findlay, Comptroller of the Canadian Wheat Board

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

ORDERS OF REFERENCE

HOUSE OF COMMONS,

TUESDAY, February 1, 1944.

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

Messieurs

| | | |
|--|--------------------------|------------------------------------|
| Authier, | Ferron, | McNevin (<i>Victoria, Ont.</i>), |
| Aylesworth, | Fontaine, | Matthews, |
| Bertrand (<i>Prescott</i>), | Furniss, | Mullins, |
| Black (<i>Chateauguay-Huntingdon</i>), | Gardiner, | Nielsen (<i>Mrs.</i>), |
| Blair, | Golding, | Perley, |
| Bourget, | Gregory, | Poirier, |
| Bryce, | Hatfield, | Quelch, |
| Cardiff, | Henderson, | Rennie, |
| Choquette, | Kirk, | Rhéaume, |
| Clark, | Laflamme, | Rickard, |
| Cloutier, | Lafontaine, | Ross (<i>Souris</i>), |
| Cruickshank, | Lalonde, | Ross (<i>Middlesex East</i>), |
| Dechene, | Leader, | Ross (<i>Moose Jaw</i>), |
| Desmond, | Leclere, | Rowe, |
| Diefenbaker, | Leger, | Senn, |
| Donnelly, | Lizotte, | Soper, |
| Douglas (<i>Queens</i>), | MacDiarmid, | Tustin, |
| Dubois, | MacKenzie | Ward, |
| Evans, | (<i>Lambton-Kent</i>), | Weir, |
| Fair, | McCuaig, | Whitman, |
| | McCubbin, | Wright—61 |

(Quorum 20)

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

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.

ARTHUR BEAUCHESNE,
Clerk of the House.

THURSDAY, June 15, 1944.

Ordered,—That the Report of the Canadian Wheat Board for the crop year 1942 to 1943 be referred to the said Committee.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

THURSDAY, June 22, 1944.

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

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

Ordered,—That the quorum of the said Committee be reduced from 20 to 15 members, and that Standing Order 63 (1) (f) be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORT TO HOUSE

THURSDAY, June 22, 1944.

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

FIRST REPORT

Your Committee recommends:—

1. That it be empowered to print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence and that Standing Order 64 be suspended in relation thereto.
2. That it be given leave to sit while the House is sitting.
3. That the quorum be reduced from 20 to 15 members and that Standing Order 63 (1) (f) be suspended in relation thereto.

All of which is respectfully submitted.

W. G. WEIR,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 21, 1944.

The Standing Committee on Agriculture and Colonization met at 10 o'clock. Mr. W. G. Weir, the Chairman, presided.

Members present: Messrs. Authier, Bertrand, (*Prescott*), Blair, Bryce, Cardiff, Cloutier, Diefenbaker, Dubois, Fontaine, Golding, Lalonde, Léger, MacDiarmid, MacKenzie (*Lambton Kent*), McCubbin, McNevin, Perley, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Tustin, Ward, Weir, Whitman and Wright. (27).

On motion of Mr. Wright, seconded by Mr. Bertrand,—*Resolved*,—That the Committee ask authority to print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence.

On motion of Mr. Golding, seconded by Mr. McCubbin,—*Resolved*,—That the Committee ask leave to sit while the House is sitting and that the quorum be reduced from 20 to 15 members.

Accordingly, the Chairman was authorized to report to the House.

The Committee agreed to begin the consideration of the annual report of the Canadian Wheat Board at its next meeting.

On motion of Mr. Golding, the Committee adjourned at the call of the Chair.

ANTONIO PLOUFFE

Clerk of the Committee.

TUESDAY, June 27, 1944.

(2)

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock. Mr. W. G. Weir, the Chairman, presided.

Members present: Messrs. Bertrand (*Prescott*), Bryce, Cardiff, Cruickshank, Dechene, Douglas (*Queens*), Ferron, Fontaine, Furniss, Golding, Henderson, MacDiarmid, McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Matthews, Perley, Quelch, Rhéaume, Ross (*Souris*), Ross (*Middlesex East*), Ward, Weir and Wright. (24).

In attendance: Honourable J. A. MacKinnon, Minister of Trade and Commerce and Mr. C. B. Davidson, executive assistant, The Canadian Wheat Board.

The Clerk read the orders of reference.

On motion of Mr. MacDiarmid, seconded by Mr. McCuaig,—*Resolved*,—That the Committee arrange to meet at 4 o'clock this day.

Mr. G. H. McIvor, Chief Commissioner of The Canadian Wheat Board was called and proceeded to read the report of the Board for the crop year 1942-1943. He was examined.

Mr. C. B. Davidson was called and questioned.

The Witnesses were retired.

At one o'clock, the Committee adjourned until 4 o'clock this day.

AFTERNOON SESSION

(3)

The Committee resumed at 4 o'clock, Mr. W. G. Weir, the Chairman, in the Chair.

Members present: Messrs. Bertrand (*Prescott*), Bryce, Cardiff, Fair, Furniss, Golding, Gregory, Henderson, MacDiarmid, McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Matthews, Perley, Quelch, Rennie, Ross (*Souris*), Ross, (*Middlesex East*), Ward, Weir, Whitman and Wright. (22).

In attendance: Honourable J. A. MacKinnon, Minister of Trade and Commerce and Honourable T. A. Crerar, Minister of Mines and Resources.

Mr. G. H. McIvor, was recalled and his examination continued on the report of the Canadian Wheat Board.

Mr. C. B. Davidson was also called and questioned.

The Witnesses were retired.

On motion of Mr. Perley, seconded by Mr. MacDiarmid, the Committee adjourned at 5.40 until to-morrow at 10.30 o'clock.

ANTONIO PLOUFFE

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 27, 1944.

The Standing Committee on Agriculture and Colonization met this date at 10.45 a.m. The chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, we are ready to proceed with the reference which has been directed to us, and I will ask the clerk to read the reference. The particular reference we have before the committee is the report of the Canadian Wheat Board for the crop year 1942-43. The minister under whose direction the Canadian Wheat Board operates, Hon. Mr. MacKinnon, Minister of Trade and Commerce, is here and also the Chief Commissioner of the Canadian Wheat Board, Mr. McIvor, as well as Mr. Clive Davidson, the statistician. Others connected with the board will be here to-morrow.

Now, the last time we had this report under review we proceeded by asking Mr. McIvor to make a general statement, which he did by referring in detail to the report. Personally, I think that is the best way for us to start to-day. We will have a statement which will be taken largely from the report that has already been published. If we attempt to go into a discussion on procedure I am afraid we will use up most of the morning discussing procedure and will likely find ourselves at the position from which we started. So we will allow Mr. McIvor to make his general statement or read the report if he desires, and we will return to the report and take it up section by section afterwards. If that is agreed by the committee we will proceed in that way.

I will now ask Mr. McIvor and Mr. Davidson to come to the front. I do not know what is the pleasure of the committee with respect to the matter of swearing witnesses. On previous occasions the committee has felt disposed to ask that witnesses be sworn. I have never looked upon that as being an essential feature.

Mr. CRUICKSHANK: Will that be for the present reference or for the future references?

The CHAIRMAN: That is entirely with respect to the reference which is before us now; that is the only matter we are dealing with at the present time. Is it the wish of the members of the committee that the witnesses be sworn

Hon. MEMBERS: No, no.

The CHAIRMAN: I do not know whether the minister has any statement of a general character to make or not.

Hon. Mr. MACKINNON: No, I have not.

Mr. PERLEY: Mr. Chairman, unfortunately or fortunately, I happen to be a member of the Banking and Commerce Committee, and there is a very important discussion in that committee at the present time and there may be a vote taken on it this morning. I feel that I should go to that committee at 11 o'clock. If the proceedings take a certain line I may be relieved and able to come back here. I was going to ask how long Mr. McIvor would take in making a general statement before he refers to his report.

Mr. McIVOR: I intend to read the report which covers all the activities of the board.

Mr. PERLEY: I am in that position.

Mr. McIVOR: I intend to read that section of the report dealing with policy and to arrange with Mr. Findlay when he is here to deal with the financial statement.

The CHAIRMAN: There are several members of the committee who are on other committees, and they have mentioned to me their difficulty to attend this committee. The suggestion was made that we try to meet on the same floor as the banking committee so that they could more or less move from one committee to another. I did my best to have that arrangement worked out, but it was not possible. May I say to any member who feels that he is obliged to attend another committee that if there is any matter he wishes to have held for discussion we will endeavour to accommodate him to the greatest possible extent.

Mr. McIVOR and other officials of the wheat board are rather busy men at this particular time and they are anxious to complete their part in this committee's deliberations at as early a date as possible, and I hope that we can accommodate them at least to a reasonable extent.

Mr. CRUICKSHANK: Is it necessary to read all these figures?

The CHAIRMAN: No, not all the figures.

Mr. PERLEY: Do you propose meeting this afternoon when the house is in session?

The CHAIRMAN: I would like to have the feeling of the committee on that matter.

Mr. PERLEY: I do not think the banking committee will be sitting when the house is in session, and I would be in favour, to facilitate getting through, that we sit while the house is in session.

The CHAIRMAN: Yes. Will it be satisfactory to the members to meet at 4 o'clock?

(Agreed)

I will now ask Mr. McIVOR to come to the front.

Mr. GEORGE McIVOR, Chairman of the CANADIAN WHEAT BOARD, called.

The CHAIRMAN: I will ask Mr. McIVOR to proceed with the general statement of policy as far as the board's operations are concerned, and at a later date we will have Mr. Findlay, the Comptroller, with us. When the reading of the statement has been completed we can proceed section by section or page by page if that is the wish of the committee.

Mr. PERLEY: Mr. Chairman, I shall not be able to stay here for the general statement, but I hope to be able to get an idea from you or from the secretary as to what the general statement includes, and then this afternoon, before we take up this report, I have a few questions which I wish to ask Mr. McIVOR and give him an opportunity to prepare answers so that no debate in this committee will be necessary on those questions. I would like a little information on certain matters.

The CHAIRMAN: That will be satisfactory. If you submit your questions this afternoon we shall have the information later on.

The WITNESS: Mr. Chairman, you made reference to a general statement. I have not a general statement. As I understand, the committee are exploring the activities of the board for the crop year 1942-43, and this entire report covers all the activities of the board; so if it is satisfactory to the committee I shall read the report.

REPORT OF THE CANADIAN WHEAT BOARD

To: THE HONOURABLE JAMES A. MACKINNON,
Minister of Trade and Commerce,
Ottawa, Canada.

The outstanding feature of the grain situation in Canada in 1942-43 was the record production of all grains. With limited storage capacity and transportation available, grain marketing problems were unprecedented in intensity and in scope, but as the crop year progressed evidence of basic improvement in the Canadian grain situation were clearly revealed.

Early in 1943 the grain problem in Canada entered a new phase as improved demand became a noticeable factor. During the first three and one-half years of the war this problem in Canada was largely one of financing and storing vast quantities of grain, making the best use of facilities available for this purpose, and equitably rationing storage space among all producers. In the early months of 1943 the emphasis passed from storage difficulties to problems associated with meeting improved demand for Canadian grains with limited transportation available for the movement of grain. It was this development along with the bountiful harvest of 1942 which provided the background for the operations of The Canadian Wheat Board during the crop year 1942-43. During the last half of the crop year prices of all grains advanced.

1942-43 GRAIN AND OILSEED PROGRAM

In order to examine the operations of The Canadian Wheat Board during the crop year 1942-43 in their proper perspective, it is necessary to consider these operations in the light of the broad grain and oilseed program established by the dominion government for 1942-43. This program is briefly summarized as follows:

(1) *Wheat—The Fixed Initial Price*

The fixed initial price of wheat was increased from 70c. per bushel to 90c. per bushel basis No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver, effective August 1st, 1942.

(2) *Wheat—Limitation of Marketings*

For the crop year 1942-43 marketings of wheat were limited to 280 million bushels for the west, as compared with 230 million bushels for all of Canada in the previous crop year.

(3) *Barley—Minimum Prices, Ceiling Prices*

For the crop year 1942-43 The Canadian Wheat 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 prices per bushel basis in store Fort William/Port Arthur: No. 1 Canada Western 2 Row or 6 Row, 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 ceiling price of barley is 64 $\frac{3}{4}$ cents per bushel basis in store Fort William/Port Arthur.

(4) *Oats—Minimum Prices, Ceiling Prices*

For the crop year 1942-43 The Canadian Wheat 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 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 ceiling price of oats is 51½c. per bushel basis in store Fort William/Port Arthur.

(5) *Flax—Fixed Prices*

For the crop year 1942-43 The Canadian Wheat Board was designated as the only agency to receive flaxseed from producers in Canada. The Canadian Wheat Board was empowered to purchase flaxseed on the basis of \$2.25 per bushel for No. 1 Canada Western Flax basis in store Fort William/Port Arthur.

Under Order in Council P.C. 7649 dated August 28th, 1942, the fixed price of \$2.25 per bushel was established for No. 1 Canada Western Flax produced in British Columbia basis Vancouver, and a similar fixed price for No. 1 Canada Eastern Flax produced in the Eastern Division basis Montreal.

(6) *Drawback on Wheat Products*

The Canadian Wheat Board was charged with the administration of the drawbacks paid in respect to flour or other human foods containing wheat sold and delivered in Canada between August 1st, 1942, and July 31st, 1943, in accordance with Order in Council P.C. 9457 dated October 16th, 1942.

(7) *Price Ceilings on Grains*

The Board acted as Administrator of ceiling prices on whole grains on behalf of the Wartime Prices and Trade Board.

(8) *Soybeans—Guaranteed Price*

The Canadian Wheat Board was empowered to buy soybeans at \$1.95 per bushel for No. 2 Yellow Soybeans basis Toronto.

(9) *Equalization Fund*

From April 1st, 1943, the Board was charged with the administration of the Equalization Fund on oats and barley.

The extensive grain and oilseed program in 1942-43 called for a notable expansion in the activities of The Canadian Wheat Board.

DEVELOPMENTS OF THE 1942 CROP

(a) *Acreage*

The reduction in wheat acreage which occurred between 1940 and 1941 was fully maintained in 1942. The area sown to wheat in Canada in 1942 was 21,586,500 acres as compared with 21,882,200 acres in 1941 and 28,726,200 acres in 1940. The expansion in feed grain acreages and flaxseed noted in 1941 was accelerated in 1942, amounting to nearly 4 million acres over the corresponding acreages for 1941. The seeding program in 1942 established the basis for a further diversification of western grain production in 1942-43. The continuance of wheat acreage reduction payments in 1942-43 was a factor in maintaining wheat acreage at moderate levels.

(b) *Growing Conditions*

The 1942 growing season was favourable throughout and widespread and timely rainfall and favourable temperatures produced uniformly bountiful crops throughout the prairie provinces. In some areas crops matured relatively late and sustained frost damage.

Extreme difficulty was experienced in harvesting the bumper crops of 1942 as heavy fall rains were general throughout the West during the normal harvesting season. In spite of heavy rainfall in late August and during September, good progress was made with harvesting during October, but in

some areas, particularly in Alberta, a considerable amount of harvesting was delayed until spring. Unfavourable harvesting weather resulted in threshing of a considerable volume of tough and damp wheat which necessitated special action on the part of the board.

The following table shows grain production in Canada and in the prairie provinces in 1940, 1941 and 1942:—

| | All Canada | | | Prairie Provinces | | |
|--------------|-------------------|------|-------|-------------------|------|-------|
| | 1940 | 1941 | 1942* | 1940 | 1941 | 1942* |
| | (million bushels) | | | (million bushels) | | |
| Wheat | 540 | 315 | 593 | 514 | 296 | 565 |
| Oats | 381 | 306 | 652 | 229 | 178 | 500 |
| Barley | 104 | 111 | 259 | 83 | 95 | 241 |
| Rye | 14 | 12 | 25 | 12 | 10 | 23 |
| Flax | 3 | 6 | 15 | 3 | 6 | 15 |
| Totals | 1,042 | 750 | 1,544 | 841 | 585 | 1,344 |

* Unrevised estimates.

Wheat production was 278 million bushels larger than in 1941. High yields per acre harvested on increased acreages seeded to feed grains resulted in exceedingly large crops being harvested and the creation of feed grain supplies far in excess of any other year in history. This record production of feed grains, however, coincided with unprecedented feed grain requirements both in Canada and in the United States and formed a sound foundation for further expansion in livestock production during 1942-43.

(c) *Total Supplies*

Only small amounts of feed grains and flaxseed were carried over from the previous year and consequently 1942 production constituted the main supply of these products. In the case of wheat, however, the accumulated carryover on July 31st, 1942 amounted to 424 million bushels which, added to the 1942 Canadian wheat crop of 592 million bushels, provided a total wheat supply for the crop year of 1942-43 of 1,016 million bushels—the largest stock of wheat ever available in Canada in any one crop year.

(d) *Available Storage*

The foregoing production and stock data indicate the extent to which grain pressed upon available storage during the crop year 1942-43. The carryover of wheat on July 31st, 1942 along with small stocks of other grains filled the greater part of storage space available in Canada on August 1st, 1942. On that date, after allowing for necessary working space, there was about 120 million bushels of available space in country elevators and about 35 million bushels in other elevators throughout Canada. Available storage space in country elevators was exceedingly small in relation to the volume of grain for marketing during the crop year.

MARKETING AND PRICES

WHEAT

(a) *Marketing and Board Receipts*

Under the 1942-43 grain program, wheat deliveries were restricted to 280 million bushels in the West. Owing to the late harvest, congested country elevators, transportation difficulties and the urgent need for feed grains, deliveries of wheat were relatively slow throughout the crop year and by July 31st, 268 million bushels had been delivered. To the end that all producers would have the opportunity of delivering 15 bushels per authorized acre during 1942-43, the 15-bushel delivery quota was extended to August 15th at nearly 1,900 delivery points, and after August 15th provision was made for special

permits to be issued to those producers who still were unable to deliver their 15-bushel quotas owing to lack of space in country elevators. These extensions brought deliveries for the crop year 1942-43 to about 273 million bushels.

During the crop year 1942-43 deliveries to the board amounted to 168 million bushels, or 62% of total wheat marketings. Deliveries to the board were heavily concentrated in the August-March period and were relatively light during the last four months of the crop year when open market prices were advancing. The following table shows board receipts by months and the high and low cash closing prices for each month of the crop year:

| | Board receipts (bushels) | Board* Initial price | Cash closing prices** | |
|-----------------|-----------------------------|-------------------------|-----------------------|-------------------|
| | | | High | Low |
| August | — | 90 | 89 $\frac{3}{8}$ | 88 $\frac{3}{8}$ |
| September | 22,435,504-50 | 90 | 90 | 89 $\frac{3}{8}$ |
| October | 56,744,169-25 | 90 | 90 $\frac{3}{8}$ | 89 $\frac{3}{8}$ |
| November | 32,792,785-50 | 90 | 90 $\frac{3}{8}$ | 90 $\frac{3}{8}$ |
| December | 25,856,661-40 | 90 | 90 $\frac{1}{2}$ | 90 $\frac{1}{2}$ |
| January | 13,687,357-55 | 90 | 90 $\frac{1}{2}$ | 90 $\frac{1}{2}$ |
| February | 9,066,969-50 | 90 | 90 $\frac{1}{2}$ | 90 $\frac{1}{2}$ |
| March | 6,590,663-40 | 90 | 101 $\frac{3}{8}$ | 90 $\frac{1}{2}$ |
| April | 101,654-05 | 90 | 102 $\frac{1}{2}$ | 95 $\frac{3}{8}$ |
| May | 65,776-20 | 90 | 101 | 97 $\frac{1}{2}$ |
| June | 83,972-25 | 90 | 103 $\frac{3}{8}$ | 99 $\frac{3}{8}$ |
| July | 81,015-45 | 90 | 112 $\frac{3}{8}$ | 102 $\frac{3}{8}$ |
| | 167,506,531-45 | | | |

(b) Exports

Overseas clearances and United States imports of Canadian wheat amounted to 154,929,217 bushels as compared with exports of 176,081,138 bushels in 1941-42. Exports of flour established an all-time record in 1942-43 amounting to 12,575,215 barrels, or the equivalent of 56,588,469 bushels of wheat. Total exports of wheat and wheat flour for the crop year 1942-43 amounted to 211,517,686 bushels as compared with 222,007,141 bushels during the previous crop year. The decline in exports of wheat is accounted for by the exceptionally large wheat crop harvested in the United Kingdom in 1942; smaller wheat shipments being partially offset by larger flour exports. The United Kingdom continued to be the main purchaser of Canadian wheat.

(c) Western Prices

The initial price of the basic western grade No. 1 Northern wheat was increased from 70 cents per bushel to 90 cents per bushel by an amendment to The Canadian Wheat Board Act, 1935. On August 4, 1942, Board prices for other principal grades of wheat were approved by Order in Council P.C. 6891. Initial prices of all other grades were established by the board and approved by the government on August 28 under Order in Council P.C. 7650.

(d) Eastern Division

On May 20, 1942, under Order in Council P.C. 4223, the fixed initial price of all wheat in Ontario was established at 90 cents per bushel basis export rail freights to Montreal for No. 1 grades of Ontario winter wheat, with the proviso that this price would only become effective in the event that the market price for No. 1 grades of Ontario winter wheat at country points fell below a price of 95 cents per bushel basis export rail freights to Montreal. The fixed initial prices for other grades of Ontario wheat were established by Order in Council P.C. 7583 under date of August 26, 1942.

As prices for Ontario wheat remained higher than 95 cents per bushel no deliveries were made to the board and there are no operations to be recorded during the crop year 1942-43.

SALES TO THE UNITED KINGDOM

In June, 1943 a sale of 40 million bushels of Winnipeg wheat futures was made to the United Kingdom. This was the only bulk sale to the United Kingdom during the crop year as a sale of 120 million bushels to the United Kingdom had been made in May, 1942.

SALES TO OTHER GOVERNMENTS

In December, 1942 the Belgian Government in London purchased 7 million bushels of wheat futures from the Board.

During the crop year the Royal Norwegian Government in Exile entered into negotiations for the purchase of 4 million bushels of wheat.

OATS

(a) *Minimum Prices*

Pursuant to Order in Council P.C. 1801 minimum prices for oats were made effective by The Canadian Wheat Board throughout the crop year 1942-43. Except for a period of about six weeks in November and December 1942, open market prices of oats ranged higher than the guaranteed minimum prices, with the result that board purchases of oats were confined to a relatively short period of time. To protect the minimum price levels, the board became a purchaser of oats on November 5th, 1942 and continued to purchase as required to December 15th, 1942 when further purchases were no longer necessary.

During this period the board purchased 26,918,645-10 bushels of oats which were resold by the board within the crop year.

(b) *Exports*

During the crop year a large market for Canadian oats developed in the United States and total exports for the crop year amounted to 59 million bushels. Substantial quantities of oats moved to eastern Canada and the Maritime provinces for feed purposes.

BARLEY

(a) *Minimum Prices*

Board operations in maintaining the specified minimum prices for barley followed the general pattern of action taken in respect to oats. The board became the purchaser of barley on October 29th, 1942, and continued to purchase barley as required to maintain minimum prices until December 21st, 1942. During this period the board purchased 19,709,429-34 bushels of barley which were disposed of during the crop year.

(b) *Exports*

During the crop year an important demand for Canadian barley, particularly for malting grades, developed in the United States and exports of barley for the crop year amounted to 34 million bushels. Large quantities of western barley moved to eastern Canada for feed purposes.

SURPLUS—OATS AND BARLEY OPERATIONS

Board operations in maintaining minimum prices for oats and barley resulted in a surplus of \$309,238.28 which according to Order in Council P.C. 1801 accrues to the consolidated revenue fund.

FLAXSEED

The board commenced the crop year 1942-43 with 629,257-09 bushels of flaxseed on hand from the stocks taken over under Order in Council P.C. 1800, dated March 9th, 1942. During the crop year these stocks were sold out with the exception of 18,693-16 bushels which were transferred to the 1942-43 flax account. During the crop year the board took delivery from producers, on the basis of the guaranteed fixed price, of 11,318,928-14 bushels of flaxseed. Total sales during the crop year amounted to 9,033,016-00 bushels, leaving stocks on hand at July 31st, 1943, amounting to 2,927,364-42 bushels. During the crop year sales in the domestic market amounted to 3,821,756-37 bushels and sales for export, totalling 5,211,259-19 bushels, were made at an average price of \$2.44418 per bushel, basis No. 1 C.W. Flax. The surplus resulting from export sales was not sufficient to offset the difference between the price paid producers and the ceiling price governing sales in the domestic market, with the result that a deficit of \$1,978,308.44 is recorded in the 1942-43 flaxseed account.

SOYBEANS

In accordance with Order in Council P.C. 2799 the board was empowered to purchase soybeans at \$1.95 per bushel for No. 2 yellow soybeans basis Toronto. Board operations in soybeans were confined to the eastern division where the board purchased 90,900 bushels at the guaranteed price. These purchases were re-sold during the crop year on the basis of the purchase price. Operations in soybeans resulted in a deficit of \$6,715.10 after providing for carrying charges and administrative expenses.

EQUALIZATION FUNDS

On April 6th, 1943 the dominion government announced the establishment of equalization funds in respect to oats and barley. The Canadian Wheat Board was empowered to assess equalization fees against permits issued for the export of oats and barley; the equalization fee being based upon the difference between domestic prices of oats and barley and prices obtainable for these grains in export markets, after allowing for transportation costs, normal forwarding costs, and import duties.

This arrangement was necessary because prices of oats and barley on the Winnipeg market had advanced to ceiling levels and United States prices were not subject to control. With United States markets showing considerable strength it was necessary to arrive at a method by which any disparity between Canadian and United States prices beyond necessary forwarding costs would not accrue to those engaged in exporting these grains and at the same time would be reflected back to producers in the west.

The equalization funds so constituted, less expenses, were to be distributed after the close of the crop year among all producers who marketed oats and barley between April 1st, 1943 and July 31st, 1943, in areas under the jurisdiction of The Canadian Wheat Board.

Equalization fees on oats and barley were relatively small when first imposed, but were increased sharply in June and July. Three factors limited the extent of equalization funds during the April-July period. These were:

- (1) Substantial exports of feed grains were made prior to the establishment of equalization funds;
- (2) During the April-July period large shipments of feed grains were made on the basis of contracts entered into prior to the establishment of equalization funds;
- (3) Transportation difficulties limited the volume of new export sales during the April-July period.

For these reasons the distribution from the equalization funds as at July 31st, 1943 was not large and cannot be compared with a distribution following a full year's operations with export prices relatively high in relation to domestic ceiling prices.

Equalization fees on oats were assessed by the board commencing April 19th, and as at July 31st the equalization fund on oats amounted to \$1,165,053.10. This fund was paid out on oats deliveries between April 1st, 1943 and July 31st, 1943, amounting to 46,555,288 bushels; the per-bushel payment from the fund was 2.4 cents.

The comparative price situation in Canada and the United States did not warrant the assessing of equalization fees on barley until May 28th, 1943. As at July 31st, 1943 the equalization fund on barley amounted to \$481,061.34. This fund was paid out on barley deliveries between April 1st, 1943 and July 31st, 1943, amounting to 31,541,219 bushels; the per-bushel payment from the fund was 1.43 cents.

DELIVERY QUOTAS IN 1942-43

During 1942-43 the administration of delivery quotas was adjusted to the unprecedented circumstances prevailing. In the first place, wheat marketings had to be restricted to 280 million bushels under the 1942-43 grain program. This was the first crop year during which it was necessary to implement a restriction on total marketings of wheat through delivery quotas and authorized acreages. In the second place, the record production of oats and barley yielded large marketable surpluses of these grains, which had to be moved through, and by, the limited storage and transportation facilities available. In the third place, an urgent demand for feed supplies arose early in the crop year which required periodic priority in the delivery and shipment of feed grains. These three factors were reflected in the administration of delivery quotas during the crop year.

The board established general delivery quotas of 5 bushels per authorized acre on wheat and 5 bushels per seeded acre on oats, barley and rye by the start of the crop year. Where local storage permitted some increases in wheat quotas were made during August and September, but at the end of September 80% of delivery points were still on a 5-bushel basis. With due regard to the necessity of permitting delivery of sufficient feed grains to meet demand, the board felt that wheat quotas in the fall should be directed towards permitting the delivery of 160 million bushels of wheat by the end of December, 1942; thus leaving 120 million bushels of wheat to be delivered during the last seven months of the crop year. With this objective in mind, the board undertook the revision of wheat delivery quotas on October 15th, 1942 and continued to expand wheat quotas as space became available. During this period the necessity of moving a relatively large volume of feed grains limited the delivery opportunity which could be established for wheat.

On July 31st, 1942 reserves of feed grains in Canada were very small in relation to the large livestock population on farms. The feed problem therefore had to be met almost entirely out of 1942 production. The late harvest added to the urgency of moving feed grains during the October-December period. On September 12th the general quota on oats and barley was increased to 7 bushels per seeded acre, and on September 30th to 10 bushels per seeded acre. These quota increases were necessary to bring out supplies of oats and barley in areas where threshing had been completed prior to the wet weather. However, it was not until the middle of October that marketings reached the volume necessary to fill what was to be an early and continuous demand for feed grains in eastern Canada, and later in the United States. During this period, limited supplies of low-grade wheat were available in country elevators and these supplies were moved forward as soon as carlots were accumulated. From October 15th

to the close of navigation early in December, shipments of low-grade wheat, oats and barley were preferenced in order that current demand for feed supplies might be met as soon as possible and in order that a reserve of these feeds might be built up at the lakehead to meet winter demand. Delivery quotas established in respect to feed grains, and the transportation allocated to the movement of these grains, resulted in the shipment of 45 million bushels of oats and barley from country elevators between October 1st and December 18th, 1942. This combined program resulted in the building up of reserve stocks of oats and barley at the lakehead to the extent of about 20 million bushels, and left about 20 million bushels of these grains in country elevators available for future shipment.

While the feed grain movement was under way wheat quotas were increased where local storage was available, but it was not until December 9th, 1942 that the general delivery quota on wheat was raised to 8 bushels per authorized acre and the general delivery quota on rye was raised to 8 bushels per seeded acre. When it became apparent that threshing would not be completed before spring in substantial areas in Saskatchewan and Alberta, wheat delivery quotas were increased rapidly in these areas in order to provide delivery opportunity for those producers who had completed threshing.

When the general wheat quota was increased to 8 bushels per authorized acre early in December, cars were authorized to make this quota effective throughout the west. However, car loadings decreased sharply in December and continued at a very low level during the ensuing several months, with the result that it was a considerable time before many delivery points were able to receive the full 8-bushel delivery quota.

On April 13th the general wheat delivery quota was advanced to 10 bushels per authorized acre, and by the end of April, 15 per cent of all delivery points were on a 10-bushel basis; 17 per cent on a 12-bushel basis, and 68 per cent on a 14-bushel basis. As at April 30th, 90 million bushels of wheat remained to be marketed by producers to bring deliveries up to the 280 million bushel limitation established by the government for 1942-43.

On the opening of navigation the board was in a position to commence a substantial movement of high-grade wheat from country elevators, and railways were instructed by the Transport Controller to use a high percentage of their equipment for this purpose. It was then possible for the board to undertake immediate relief for a considerable number of delivery points in the main wheat areas of the west; a position which the board would like to have reached considerably earlier in the crop year.

During the month of May it became apparent that a 14-bushel per authorized acre delivery quota on wheat would not yield marketings of 280 million bushels during the crop year, for the reason that many producers were unable to deliver their quota owing to crop damage, unusually heavy farm feedings of wheat, or because of reducing 1942 wheat acreages to less than the authorized acreage established for delivery purposes. On May 17, 1943, the board announced that the final delivery quota for 1942-43 would be 15 bushels per authorized acre.

HANDLING OF THE YEAR-END POSITION

On July 31st, the board provided that at 254 points the wheat delivery quotas would revert to 3 bushels per authorized acre, commencing August 1st; deliveries to apply on 1943-44 delivery quotas. These were points where the 15-bushel per authorized acre deliveries were fully completed by producers. 1942-43 quotas existing on July 31st at all other delivery points were extended to August 15th in order to give producers as much opportunity as possible to complete their 15-bushel delivery quotas. In order to ease the pressure on deliveries of coarse grains and to clear the way for further wheat deliveries, the

board had announced on June 30th that delivery quotas on oats and barley in effect on July 31st would be extended to August 15th. Oats quotas of 30 bushels per seeded acre as at July 31st were extended to August 31st.

The great bulk of deliveries between August 1st and August 15th were, therefore, deliveries on account of 1942-43 delivery quotas. During this period wheat deliveries amounted to about 4 million bushels, and coarse grains to about 6 million bushels; or a total of 10 million bushels of all grains during the period when 1942-43 quotas were extended.

On August 15th there were still some congested points in the west. On August 14th the board issued instructions dealing with the position of those producers who would not be able to complete their 15-bushel wheat delivery quota as at August 15th owing to lack of local storage space. On submission of a statement signed by all elevator agents at their points to the effect that they were not able to take the balance of such producers' 1942-43 wheat delivery quota owing to shortage of space, the board was prepared to issue on application, a special permit covering the balance of each producers' 1942-43 wheat delivery quota not delivered by August 15th. Under this regulation about 2,200 special permits were issued—a relatively small number compared with the volume of wheat which had to be taken during the last three months of the crop year. These special permits were valid until October 15th but in some cases it was necessary to extend their validity.

The board therefore feels that through its efforts to secure adequate transportation, and through the special arrangements made at the close of the crop year and during the first half of August, a reasonable opportunity has been given to producers to market the volume of wheat which they desired to market under the 15-bushel quota for the crop year 1942-43.

Total marketings of all grains and flaxseed for the crop year amounted to over 500 million bushels—a year of very large marketings on the part of producers. When it is considered that on August 1st, 1942 space available in country elevators (allowing for working space) amounted to about 120 million bushels, it is evident that available space was used to advantage throughout the crop year.

TRANSPORTATION

In order that available transportation might be utilized most effectively in respect to the movement of various grains and grades of grain, the board assumed control of the allocation of grain cars in the west on October 15, 1942. The shipping program inaugurated by the board during the month of October was designed to move sufficient feed grains to the lakehead to meet current demand and to build up a reserve of feedstuffs which might be moved eastward during the winter months. The following table shows car loadings of wheat and coarse grains during the August-December period:—

| | Wheat (Cars) | Coarse Grains (Cars) |
|-----------------|-----------------|-------------------------|
| August | 8,677 | 1,695 |
| September | 6,259 | 5,042 |
| October | 2,749 | 16,234 |
| November | 7,982 | 8,537 |
| December | 8,717 | 4,725 |
| Total | 34,384 | 36,233 |

It will be noted that in August car loading were substantially wheat. In September car loadings of wheat predominated but were only slightly more than loadings of coarse grains. In October 16,234 cars were loaded with coarse grains as compared with only 2,749 cars loaded to wheat—a 6 to 1 ratio in favour of coarse grains. In November coarse grains loadings still exceeded

wheat, but nearly 8,000 cars were loaded to wheat during the month. The use of nearly 30,000 cars for the movement of coarse grains, including flaxseed, during September, October and November limited the number of cars available for the shipment of wheat during this period, and yet no more than sufficient coarse grains were shipped during the period to look after the current demand and a reserve for winter feed consumption in eastern Canada.

About the middle of December there was a sudden shrinkage in the transportation available for the movement of grain in Canada; a situation which had a profound effect on board operations until the end of April.

Previous to the closing of navigation the railways were loading approximately 800 cars per day at country points. In late December, in January, in February and in March, car loadings declined to an average of about 400 cars per day. Prior to the close of navigation from 6,000 to 9,000 cars were under load with grain in the West. During the winter months the number of cars under load to grain declined to as low as 2,000 to 3,000 cars.

Early in January the board met the railways and the Transport Controller in Montreal in regard to transportation available for grain. In February the matter was referred to the dominion government and further conferences were held with the railways and the Transport Controller.

The winter of 1942-43 was very unfavourable from a railroading standpoint which added materially to transportation difficulties.

Early in January the board requested the loading of 1,000 cars per day for the balance of the crop year as the minimum to permit the marketing of 280 million bushels of wheat during the crop year, and to provide some space in country elevators for the new crop. With average loadings in the west of about 400 cars per day, a serious backlog of shipping developed during the winter months.

In spite of the limited transportation available the Board was able to maintain the movement of wheat to domestic mills and the movement of feed grains to the lakehead and to allocate some cars to low-quota points. During the winter it was necessary for the railways to curtail the loading of Canadian cars with grain destined for the United States. This situation was partially relieved by United States' railways supplying cars for the direct movement of feed grains from country points to the United States.

The main effect of the shortage in transportation during the winter months was to limit the board in relieving low-quota points throughout western Canada. Had transportation continued at a reasonable level during the winter months of 1942-43, a large block of wheat would have been moved to the lakehead from the main wheat areas with a consequent improvement in delivery quotas in this region. However, the necessary volume of transportation was not available, and as a result many points, particularly in the main wheat areas, had to go through the winter with wheat quotas as low as 8 bushels per authorized acre, and at some of these points the railways were not able to complete the board's authorizations to make the 8-bushel quota effective.

In spite of the efforts which the board made to build up a reserve of feed grains at the lakehead before the close of navigation, low-grade wheat, oats and to a lesser extent barley, were continually in demand during the winter months, and the board continued to preference the shipment of these grains in order that this demand could be met to the greatest possible extent.

It was not until the latter part of April that transportation improved as far as grain was concerned, but once again the board had to concentrate available shipping on the movement of feed grains prior to the opening of navigation. The distribution of cars as between wheat and coarse grains from January to April is shown in the following table:

| | Wheat (Cars) | Coarse Grains (Cars) |
|----------------|-----------------|-------------------------|
| January | 5,756 | 5,258 |
| February | 4,296 | 4,925 |
| March | 4,970 | 5,863 |
| April | 6,530 | 11,806 |
| Total | <u>21,552</u> | <u>27,852</u> |

During the May-July period there was a substantial increase in transportation available for the movement of grain, and it was during this period that large quantities of high-grade wheat were moved from areas which had been subject to relatively low delivery quotas throughout the crop year. Car loadings of wheat and coarse grains during the May-July period are as follows:—

| | Wheat (Cars) | Coarse Grains (Cars) |
|-------------|-----------------|-------------------------|
| May | 15,629 | 5,461 |
| June | 17,755 | 10,355 |
| July | 10,585 | 10,114 |
| Total | <u>43,969</u> | <u>25,930</u> |

Wheat loadings during the last three months of the crop year were about double the wheat loadings of the previous four months. It was the rapid expansion in car loadings of wheat which ultimately made possible the taking of 15 bushels per authorized acre throughout the west.

Transportation available for the movement of grain was not sufficient to make space available in country elevators for the 1943 crop. At the end of 1941-42 the great bulk of available storage capacity in Canada was in country elevators; at the end of 1942-43 country elevators were congested, but over 100 million bushels of space was available in other elevators in Canada, mainly at the lakehead.

SPECIAL AUTHORIZATIONS

(a) *Damp Grain*

Unfavourable harvesting weather in the fall of 1942 resulted in the threshing of substantial quantities of damp grain. On November 11, 1942, the board arranged for the allocation of cars for the shipment of damp wheat delivered to country elevators within existing delivery quotas. On December 4, 1942, the board authorized the delivery of damp wheat up to 14 bushels per authorized acre and damp oats and barley up to 20 bushels per seeded acre on application to the Board. On April 13, 1943, the board authorized the delivery of tough wheat with a moisture content of 16 per cent or higher up to 14 bushels per authorized acre. At the same time the Board made provision for producers to deliver damp oats, barley and rye with a moisture content of 17 per cent or over, to the full extent of their marketable surplus upon application.

There still remained the problem of damp wheat which could not be delivered under the delivery limitation for the crop year. On April 27, 1943, the board announced an arrangement whereby producers holding above-quota damp wheat could exchange their damp wheat for dry wheat at country elevators, on payment of the customary charges. As previously indicated a considerable amount of threshing was not completed in the fall months and apprehension was felt in regard to the probable condition of spring-threshed crops. However, the spring opened up very favourably, and as a result most of the threshing was completed without difficulty and, generally, the grain was threshed dry. In many cases no loss of grade was sustained by crops which were not threshed until spring.

In dealing with the damp wheat problem during 1942-43 the board was continuously confronted with transportation difficulties. The damp wheat

problem could only be dealt with to the extent that cars could be made available for the prompt movement of damp grain out of country elevators.

(b) *Malting Barley*

Throughout the crop year 1942-43 there was a brisk demand for barley of malting type. Early in the crop year a shortage of malting barley occurred in Alberta, and in order to keep malting plants in that province operating continuously, the board authorized producers to ship one carload of malting barley over and above the quota effective at their delivery point, provided a sample of the said barley had been submitted to and accepted by a malting company operating in that province. At the end of October this same privilege was extended to producers of malting barley throughout the west for shipment to any destination. On December 15 the overdelivery privilege for malting barley was extended to two carlots and later to three carlots. As a result of these extensions in delivery quotas, Canadian demand for malting barley was met, and in addition, a supply of barley of malting quality was accumulated for shipment to the United States.

(c) *Durum Wheat*

In March, 1943, the dominion government authorized the board to permit the marketing of the balance of all Durum wheat produced in the west in 1942. These supplies of Durum wheat were required as food products in Canada. The arrangement in respect to Durum wheat involved the marketing of an additional 2 million bushels of Durum wheat supplied almost equally by Manitoba and Saskatchewan. These additional marketings of Durum wheat were outside the 280 million bushel limitation, and therefore did not affect deliveries of producers' ordinary spring wheats.

(d) *Producers in Armed Services*

In March, 1943, the dominion government authorized The Canadian Wheat Board to make provision for 1942 permit-holders, who have subsequently joined the armed forces or the merchant marine, to market the balance of their 1942 wheat. Under this arrangement overdelivery privileges were granted to 1,367 servicemen, and overdeliveries amounted to 1,066,815 bushels.

PACIFIC COAST

Unloadings at the Pacific coast were slightly higher than in 1941-42 but sales and shipments were slightly lower. Loadings amounted to 4,209,879-50 bushels; shipments amounted to 2,933,593 bushels, while sales totalled 3,509,812-30 bushels. Shortage of shipping continued to affect board operations at the Pacific coast.

CHURCHILL

There was no movement into or out of Churchill during 1942-43, the elevator remaining full of wheat.

LONDON OFFICE

The London office rendered valuable services to the board during 1942-43. Mr. R. V. Biddulph, European Commissioner, continued his liaison work between the board and the Imported Cereals Division of the United Kingdom Ministry of Food, and also acted as the board's agent in transactions with the United Kingdom Treasury. He also assisted in negotiations for the sale of wheat to other countries.

During the year Mr. Biddulph visited Canada in connection with his work.

ADVISORY COMMITTEE

The advisory committee rendered valuable assistance to the board and to the dominion government during the crop year 1942-43. In addition to formulating its recommendations in respect to 1943-44 grain policy, the advisory committee gave consideration to a wide range of marketing problems arising during the crop year. Members of the advisory committee during 1942-43 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; R. Messier, Ottawa; J. A. McCowan, Summerberry, Saskatchewan; F. Pettypiece, Auld, Ontario; R. C. Reece, Winnipeg; A. C. Reid, Winnipeg, and J. H. Wesson, Regina, Saskatchewan.

In September 1943, Mr. R. Messier tendered his resignation owing to pressure of other duties, and he was succeeded by Mr. Theo. Roy of Montreal, Quebec.

LEGAL DEPARTMENT

The increased activities of the board in the crop year 1942-43 involved an expansion in the work of the legal department. During the year the department continued to secure enforcement of board regulations: 517 prosecutions were instituted and 511 convictions were obtained. Most of the prosecutions resulted from overdeliveries of grain.

STAFF CHANGES

In August, 1942 Mr. W. G. Malaher was appointed Supervisor, Acreage Department.

In September, 1942 Mr. W. C. McNamara joined the staff of the board as supervisor of car supply. His services were loaned to the board by Saskatchewan Pool Elevators Limited.

In October, 1942 Mr. Henry B. Monk was appointed solicitor to the board, succeeding Mr. Allan L. Dyker who enlisted in the Royal Canadian Air Force. Mr. Dyker died on active service on June 25th, 1943.

THE CANADIAN WHEAT BOARD

It is with deepest regret that we record the death of Mr. W. Charles Foliott. Mr. Foliott rendered faithful service to the board for a period of over five years, and his passing on March 13th, 1943 was a great loss to the board and the public service of this country.

On June 1st, 1943 Mr. D. A. Kane, General Manager, Manitoba Pool Elevators Limited, was appointed to the board to succeed the late Mr. Foliott.

The CHAIRMAN: Thank you, Mr. McIvor, for a comprehensive statement with regard to the board's operation. In reviewing the statement that has been presented to us the members will notice that it is a very illuminating document. From the standpoint of cereal production in Canada, I am bound to say that it impresses one profoundly. There is in this report a very complete picture, and one that should give the farmers of this country and those who are interested in the handling of grain a great deal of satisfaction.

Now, we agreed at the beginning that we would hear Mr. McIvor's statement and then go back to the beginning of the report and proceed section by section. We shall now do that. Mr. McIvor and Mr. Davidson are here to give any explanation of items upon which the members may wish to question them. We can proceed in that manner unless there is some general question upon which some member of the committee wishes to receive information at a later date. Therefore, let us turn to page 1. Are there any questions with regard to page 1?

Mr. WARD: If you would turn to page 2, I have a question to ask. Would Mr. McIvor elaborate on what he means by the term drawback which appears in paragraph 6.

The WITNESS: The price of wheat to domestic buyers in Canada—that is to the Canadian millers and other buyers relating to wheat products—is $77\frac{3}{8}$ cents per bushel as fixed by the Wartime Prices and Trade Board.

Mr. WRIGHT: That is the price they paid?

The WITNESS: That is the price representing the price for the base period.

Mr. WRIGHT: The selling price for the base period.

The WITNESS: Yes. Now, in order that this would not affect the producer—that is the board producer—an arrangement was made that a drawback would be paid on a difference between $77\frac{3}{8}$ cents and the market price.

Mr. WARD: How much was it at that time?

The WITNESS: It varies from day to day, week to week and month to month. Here are the prices on page 5.

The CHAIRMAN: The drawback is the difference between the $77\frac{3}{8}$ ths and the average monthly price quoted on page 5.

The WITNESS: On page 5 we have the high and the low; but this would be the average monthly price.

Mr. WRIGHT: This drawback still obtained.

The WITNESS: Yes. Mind you, the situation has changed now, because the wheat that is being used for the Canadian mills is crown wheat at the present time, and the producer is not affected by that.

Mr. Ross (*Souris*): It is based on a set price now.

By Mr. Wright:

Q. When was that wheat taken over?—A. That wheat was taken over on the 27th September; that is the wheat that is now being used for sales on the domestic market and sales to the countries that are recipients of mutual aid.

Q. Does not that mean that the western farmers are subsidizing the flour trade to the extent of the difference between the price at which the grain was taken over, \$1.27?—A. $\$1.23\frac{1}{4}$.

Q. $\$1.23\frac{1}{4}$, and the present price at which the grain might be sold?—A. Well, of course, I do not think that that is conclusive at all. The situation is that as of the 27th September all wheat in Canada was taken over at the closing price on that day, and the farmer is now getting a distribution on that basis. As things have turned out, Mr. Wright, the market has gone up.

Q. Yes, exactly.—A. But if we had all that wheat to sell to-day—this wheat is being disposed of through mutual aid and also in Canada—and if we had all that wheat to sell to-day as against what is practically the only large demand, commercially the United States demand, I do not know what the market would be.

Q. I still contend that the western farmer is subsidizing the miller with respect—

Mr. Ross (*Souris*): To the extent of the amount of the flour that is used.

Mr. WRIGHT: Yes, with respect to the difference in the present price. Of course, as Mr. McIvor says, the additional wheat being available on the market might affect the market price.

The WITNESS: My point is this, that the wheat that is being sold now to non-mutual aid countries is only the wheat being delivered from the 1943-44 crop after the 27th September. That is the only quantity that is in the commercial window or picture.

Mr. HENDERSON: That is crown wheat.

By Mr. Wright:

Q. Nevertheless, the crown wheat is there and is a known quantity, and I do not see how taking that off the market would necessarily affect the market price as long as it is known that it is available there?—A. It is known, but it is also known that it can only be used for the furnishing of wheat and wheat products to mutual aid countries—wheat which the people of this country is giving to those countries.

Q. And to the milling trade?—A. And the milling trade, in turn, are selling the products of that wheat at the prices that existed during the basic period.

Mr. WARD: It is not being dumped on the market as it would be if it was still the property of the individual farmer?

The WITNESS: What I am saying is this, that if the available supply of wheat—the marketable supply—was the amount of wheat that is delivered this year plus the amount that was taken over on the 27th September and being used or really given away in this country I do not know what effect it might have on the commercial market price. That is my own opinion.

Mr. MACDIARMID: As regards mutual aid wheat, if that was left on the market here and was not used for mutual aid purposes you could not tell the price.

The WITNESS: I do not know. That is entirely a matter of opinion. We do know to-day in as far as commercial wheat is concerned, that the commercial wheat must come out of the wheat that is being delivered from the 27th September on.

The CHAIRMAN: That is commercial wheat for domestic use.

The WITNESS: No, only for commercial markets.

By Mr. Wright:

Q. What is going to the millers in Canada is not being used entirely for mutual aid; it is being used for consumption in Canada and shipments overseas?—A. On anything that is being sold to the millers that is not going to mutual aid countries they have to pay the commercial price.

Q. They have to pay the commercial price on that market and they get a subsidy.—A. No, they do not get a subsidy at all. For example, take a commodity such as flour sold to certain sections of South America. The millers have to pay the commercial price and they get no subsidy—it is just what goes to mutual aid and for domestic consumption in this country.

Mr. HENDERSON: This crown wheat that is going for mutual aid, is not that taken from the crown trade?

The WITNESS: It was taken over from everyone.

By Mr. Ross (Souris):

Q. There is no difference between the producer and the grain trade if the farmer is still holding wheat?—A. All the wheat was taken over as of the 27th September, including the balances that were being held of the three board years.

Q. I thought a portion of it went into the board and they still had an equity in that, whereas other grain trade wheat went into the other thing?—A. Let me try to make this position clear. As of the 27th September there was so much wheat in Canada. A portion of that wheat was the residue from the three board years, 1940, 1941 and 1942.

Q. That went over to the board?—A. That was taken over on the 27th September and inventoried on that date. To-day we are paying out close to \$60,000,000 as the result of the sales that have been made previous to the 27th September and the inventory of the completion of the stocks as of the 27th

September. The balance was on the "in Canada," in which the producer had no interest. That was simply taken over as of the 27th of September and he is through with it.

Q. That is wheat?—A. Yes.

The CHAIRMAN: The mills themselves for sales in Canada at the present time are getting wheat at 77-3/8th cents per bushel for the purpose of maintaining the price structure, the floor, on these particular sales.

By Mr. Ross:

Q. And the board supply from the reserves taken over by the board?—A. That is right.

By Mr. Henderson:

Q. While they get a set price there is no ceiling on the farmer's wheat?—A. There is no ceiling on the wheat that is being marketed by the producer to-day.

Mr. HENDERSON: That is right.

Mr. ROSS: But there is a ceiling on the wheat which is used for flour, going to the mills.

The CHAIRMAN: That is it, that is a set price.

By Mr. Ross:

Q. What about the wheat that is used for feed purposes, sold to other feeders in Canada; does that come into this class too?—A. No, it does not, Mr. Ross; it comes under the \$1.25 crown wheat price; but there is a special arrangement with the Feeds Administrator under which he makes his return on the amount used for feed.

Q. And what amount are they allowed on that?—A. Twenty-five cents—we don't handle that. I think it is that amount.

Q. But the administrator will have to report to you, so you would have something to do with it?—A. No.

Q. You have nothing to do with it?—A. We simply sell the wheat at \$1.25, and an adjustment is made through the Feeds Administrator.

By Mr. Wright:

Q. And the figures will be given later on as to the wheat taken over by the board from the trade?—A. We can give you figures on wheat taken over as of the 27th of September, Mr. Wright; Mr. Findlay will have those figures as to the wheat taken over in Canada at that time—board stocks and outside of board stocks.

By Mr. Fair:

What amount do they allow the trade in taking that grain over; do they allow the trade to make a profit?—A. Not necessarily, the operation is something like this, that insofar as the grain companies were concerned the bulk of the companies had their wheat hedged as of the 27th of September in the futures market, all futures were cancelled on that night and the wheat that they would have on hand held in the market was turned over to the board, the actual wheat; then, in addition to that, there would be the wheat held by individuals, by farmers, in some instances by commercial companies apart from the grain companies; that was all taken over as of the 27th of September. Everything was taken over except the amount sold for shipment either for production in the mills or for shipment outside of the country.

The CHAIRMAN: Everything except that wheat which was definitely on order in the market for such parties.

The WITNESS: That had been sold.

Mr. FAIR: That is not my point, that is very interesting, but the point I am trying to get at is what amount in dollars did they pay to the trade—that is, they bought large quantities of grain at low prices and they had an advance of something on the higher price —

The WITNESS: I hold no brief for any grain company, but I do not think it works out just that way. The grain companies when they buy wheat in the country hedge it in the futures market. If the market goes up they make on the actual wheat and lose on the hedge, lose on the higher futures, therefore, when we took over the wheat on the 27th of September what they gained on the actual wheat they would lose on the adjustment of the hedges.

By Mr. Wright:

Q. I think the figures we would like to get are the amounts of money actually paid by the grain companies to the farmers for the amount of wheat actually taken over and sold to, or taken over by the government.—A. I am quite sure that I cannot, nor can Mr. Findlay, give you those figures. You are suggesting an inquiry into all the amounts that were paid by the grain companies?

Q. Yes.—A. When they were operating their own business?

Q. We can get the amounts sold by the grain companies, those figures would be available to the exchange would they not?—A. No.

Q. They are not available?—A. In the country elevators including the pools and the United Grain Growers' and all the grain companies they have been receiving wheat over a period of time from the producers. Now how much they got each day, I don't know. The only way in which you can get that information is by an examination of their books; and then as they received this wheat they hedged it in the open market.

Q. I understand that.—A. Yes. As to the amount they bought from the producers over a period of time, I cannot answer that question, and I do not think anybody else could unless you examined all their books.

The CHAIRMAN: Shall we go on with further questions on page 2?

By Mr. Fair:

Q. On this matter of price ceilings, I would like to ask if the wheat board has consulted or whether the farmers' organizations were consulted, when the ceilings were set; were they set on a basis of market price or were they set on a basis of cost production?—A. Well, Mr. Fair, as far as the wheat board is concerned in respect to price ceilings on grain, we are merely the administrators for the Wartime Prices and Trade Board, we have nothing to do with the fixing of the ceilings.

Q. You were not consulted by the Wartime Prices and Trade Board?—A. Yes, we were; merely for the purpose of obtaining what data and information we could furnish them so they could fix the price ceiling. Now, as to whether our farmer organizations were consulted I cannot answer that question.

Q. I am correct then in assuming that the prices were fixed based on existing conditions at some time.

The CHAIRMAN: The price ceiling was fixed on coarse grains the same as it was on everything else.

The WITNESS: Yes, it is on prices during the basic period.

Mr. FAIR: Well, whether that was away above or away below what it should have been—

The WITNESS: I think you are in a better position to answer that than I am, Mr. Fair.

The CHAIRMAN: Can we proceed to page 3?

By Mr. Ross:

Q. What about this equalization fund, section 9; how was that operated?—A. You mean, now?

Q. Yes, right now.—A. Or during this crop year—at the bottom of page 2.

Q. I suppose we cannot discuss how it is operating at the present time, we are limited by the terms of our reference to how it operated during the year under review.—A. It might be better dealt with under 7, it is dealt with in some continuity there; is that satisfactory?

The CHAIRMAN: Then we will go to page 3, acreage—growing conditions. The following table shows the production in Canada in the prairie provinces in 1940, 1941 and 1942—this total production of wheat and other grains during that period; is that correct?

The WITNESS: That is right.

The CHAIRMAN: And then in the annual statement there is the amount that the board handled each year?

The WITNESS: Yes, you will come to that later on.

The CHAIRMAN: Quite; is there anything further on page 3? Page 4, what about the matter of total supplies?

Mr. FAIR: Might I ask a question, Mr. Chairman, as to the deliveries to the board and the companies; what proportion of the wheat delivered to the board and what proportion to the companies?

The CHAIRMAN: You are referring to the statement on page 3?

Mr. FAIR: On page 4.

The CHAIRMAN: I wonder, Mr. Fair, if we could ask Mr. Davidson or someone who makes up these tables to make up the total number of deliveries statement contained in the official report indicating the percentage of the wheat handled by the board for each of these years in which we are interested.

The WITNESS: I think, Mr. Chairman, on page 4, the last paragraph, you will see that during the crop year of 1942-43, deliveries for the year amounted to 168 million bushels or 62 per cent of the total wheat marketings.

The CHAIRMAN: Then, page 5; we do not seem to be hearing anything from our eastern friends in respect to eastern conditions.

Mr. FAIR: I have no ceilings to farmers here.

The CHAIRMAN: Then, can we proceed to page 6; sales to the United Kingdom—is the policy the same as is mentioned here of making large bulk sales to the United Kingdom periodically?

The WITNESS: No.

The CHAIRMAN: Or are they buying regularly?

The WITNESS: The position today with the United Kingdom is that they get their wheat, crown wheat, on the basis of \$1.25 plus charges for getting it down to the seaboard. There is no longer any occasion for making bulk sales.

The CHAIRMAN: That is, they get their wheat on \$1.25 the basis Fort William?

The WITNESS: Yes. Mind you, that comes out of your mutual aid gift, that is the basis.

Mr. Ross: Entirely?

The WITNESS: Yes. There is some arrangement—there are others here who are in a far better position to answer that than I am—but there is some agreement regarding the financial arrangements in this connection, but so far as I am aware the wheat comes out of the mutual aid gift.

Mr. Ross: All the amounts delivered are supplied or sold at that price, the same as to the others?

The WITNESS: Well, as to that I would not care to give an unqualified answer to it.

Mr. WRIGHT: The percentage of wheat going to Britain comes entirely from crown wheat?

The WITNESS: From crown wheat, yes.

By Mr. Ward:

Q. It says here that the Belgian government and the Norwegian government in exile made certain purchases for people in their respective countries?—
A. After liberation.

Q. Oh.—A. The wheat is being held in this country pending liberation of those countries.

By Mr. Ross:

Q. What about the carrying charges on that?—A. They pay them.

The CHAIRMAN: That would be mutual aid, is it?

The WITNESS: No.

The CHAIRMAN: It is not?

The WITNESS: No.

Mr. WARD: Where is that wheat now?

The CHAIRMAN: In both instances it is not a physical pile of wheat; it is an agreement to deliver. Now, the reason for that is that we do not want anyone piling up 7,000,000 bushels of wheat in the elevators which might obstruct the movement of wheat that is going through. That wheat is part of the wheat that is back in the country.

Mr. MACDIARMID: Where is it now?

The WITNESS: It is back in the country elevators.

Mr. FAIR: It is a contract, as I understand it, for the delivery of 7,000,000 bushels of a certain grade of wheat.

The WITNESS: Is it sold but not delivered.

Mr. FAIR: Is it all grown?

The WITNESS: It is grown, because it came out of the wheat prior to the 27th of September.

By Mr. Ward:

Q. My curiosity was as to the amount of wheat that is being delivered to these countries now?—A. The reason for the purchase of that wheat is to a considerable extent—I might put it this way, that these governments wish to be able to tell their own people that they have made provision to feed them themselves for a certain period of time and they were not depending on some international organization.

Hon. Mr. MACKINNON: For distribution.

The WITNESS: For distribution, yes. And the first purchase was that made by the government of the Netherlands about three years ago. That wheat was purchased in the open market and is physically stored in eastern Canada. They have been telling their people over the radio that they have this wheat for them the minute the country is liberated; to keep heart, because they will be prepared to feed them when the country is liberated, that they will be able to do it themselves; and Belgium and Norway followed suit. That is the principle behind these purchases.

Mr. FAIR: It is a case of "live horse and you will get grass".

An Hon. MEMBER: They did not want to deliver it now because of the danger of Germany getting hold of it?

The WITNESS: That had a bearing on it, naturally.

Mr. QUELCH: And I suppose that in the meantime wheat will be delivered to them under existing arrangements.

The WITNESS: Certain arrangements will be made during the time these countries are being liberated that the people will get wheat and flour pending the shipment of this wheat which they have on the side. Take the case of Italy for instance; when Sicily and southern Italy were liberated one of the first things done was that arrangements were made through the combined food board at Washington for supplying wheat and flour to follow the armies in there through the Amgot organization. Undoubtedly the same thing will take place in these other areas.

The CHAIRMAN: The next item is oats—the maximum price on oats, and the barley. Are there any questions on page 6?

By Mr. Wright:

Q. That is where your exports, your sales to the United States come in and the amount allowed to the exporters on oats and barley sent to the United States, is it not?—A. I think that will come up under the equalization fund, Mr. Wright.

Q. Yes.

The CHAIRMAN: So we will proceed with page 7: surplus oats and barley operations. This \$309,000 accrued to the credit of the consolidated revenue fund?

The WITNESS: Yes.

By Mr. Wright:

Q. There was a premium paid on malting barley sent to the United States at that time?—A. To which time are you referring?

Q. To these figures, in this period here on page 6.—A. Three cents to five cents, Mr. Wright, which went back to the producer.

Q. How was that fund paid back to the producers?—A. The elevator company paid him. A sample of the barley was taken and sent in to Winnipeg and if it was approved of for malting, he got the premium of from three to five cents.

Q. What was the bulk of that barley used for, beer or feed?—A. The bulk of the demand for barley in this country is for feed, but in the United States they are using a great deal of it for malting.

Mr. Ross: How was this figure of \$309,000 made up, was that the amount distributed to the producers directly?

The WITNESS: No, that figure of \$309,000 is the amount which was realized on profits of purchases of oats at 45 cents and barley at 60 cents and it went back to the consolidated revenue fund in the early part of the year.

The CHAIRMAN: That was before the equalization?

The WITNESS: Yes.

Mr. Ross: That was the figure just prior to the establishment of the equalization set-up.

By Mr. Wright:

Q. I do not think you got my question, you gave the figure paid to the farmers; I wanted to get the premium paid or received on malting barley which was sold in the States during that period?—A. We did not sell any malting barley that is handled by the trade.

Q. You bought 19,000,000 bushels, wasn't it?—A. We sold that. Those were futures that we bought on the market in Winnipeg.

Q. Yes, they were bought in the market?—A. And this amount was realized on the market in Winnipeg when it was resold, that was ordinary barley.

Q. There was no malting barley in that which you delivered and shipped to the States?—A. No, these were purchases that the board made of oats and barley, oats at 45 cents and barley at 60 cents in order to maintain the price during that period and resold and realized a profit of \$309,000.

The CHAIRMAN: That is, you stepped into the market and obtained the floor price and you got so much grain which you resold resulting in a profit of \$309,000?

The WITNESS: That is correct.

The CHAIRMAN: And which was paid into the consolidated revenue fund?

The WITNESS: Yes. The question of the equalization fund does not enter into the set-up. The order in council did not provide for a return.

By Mr. Bryce:

Q. Will you explain this; we have been permitted to haul barley across the line but that has been stopped; can you explain that? You know what I mean, when a man went over and sold it in the States, and that was stopped and then we were paid the equalization feature.—A. It was stopped but prior to the stoppage the seller paid the difference in the equalization fee.

Q. It is stopped now anyway.—A. It is stopped now because all barley exports are stopped by order temporarily of the agricultural supply board due to the short supply of barley in this country, but it is probable that it will be renewed shortly. They are stopped just now.

Q. It is likely to be renewed?—A. I think so, yes.

By the Chairman:

Q. Can we proceed then to the next item, flax seed? This statement with respect to flax shows that in the year's operation you had a deficit of \$1,978,000; is that correct?—A. That is right.

Q. The flax was purchased at a fixed price of what?—A. \$2.25 per bushel.

The CHAIRMAN: Are there any further questions with respect to flax?

By Mr. Wright:

Q. What is the price the crushers are paying for Canadian flax at the present time?—A. \$1.64.

Q. Was that difference between \$1.64 and the price paid to the farmers taken into account in arriving at that deficit of \$1,978,000?—A. Yes.

By the Chairman:

Q. Are there any further questions with respect to flax? Now we come to soy beans; what has been your experience with respect to the handling of soy beans?—A. Well, in regard to soy beans we were asked to operate particularly in the province of Ontario and fix a floor price of \$1.95 per bushel for soy beans. The deliveries to the board, as you will see, from this crop were very small. The bulk of the soy beans in Ontario were sold at high prices in commercial channels. This was not a monopoly of the board on soy beans in Ontario, merely a floor price, the maintaining of a floor price in that province; the operations were that we received 909 bushels which we sold at a later date and the operation resulted in a deficit of \$6,715.

Mr. FURNISS: Who were the purchasers of these soy beans?

The WITNESS: The crushers of soy beans for oil and meal.

By Mr. Wright:

Q. Then you did not issue participation certificates on them?—A. No.

Mr. QUELCH: Were there any soy beans purchased west of the great lakes? If so, how does the grade compare with the eastern?

The WITNESS: There were none at all, Mr. Quelch, to my knowledge.

Mr. QUELCH: Did not they grow some in Manitoba?

The WITNESS: They did. Mr. Davidson points out that that was in 1943; it was quite an expansion in 1943.

Mr. BRYCE: And they made arrangements to crush their own.

The WITNESS: Did they?

Mr. BRYCE: Yes, they have been able to get the machinery for that.

The CHAIRMAN: This loss or deficit of \$6,715 does not come out of the wheat account?

The WITNESS: Every account stands entirely on its own feet, quite separate by itself in other words.

The CHAIRMAN: Now, may we proceed with the equalization funds item.

By Mr. Ross:

Q. I wanted to ask Mr. McIvor how that operated now.—A. Well, if you remember, in the first instance in regard to the equalization fund, the equalization system was established to recapture the difference in the American and the Canadian markets. Then a little later on the crop disaster in Eastern Canada and the government who in the first instance thought that the equalization fund would be such that very substantial payments would be made to the western producers were bothered about the amount of coarse grains that were going into eastern Canada and would not be available for the United States markets which they thought in the first instance would be available. So they decided to institute a system of guarantee, of the equalization fund and they guaranteed a fund of 10 cents per bushel on all oats delivered, commercial in western Canada and 15 cents per bushel on all barley delivered commercial in western Canada, with the further proviso that if in the export of either oats or barley there was a surplus over and above the guaranteed ten cents or the fifteen cents that surplus would be returned to the producer who had delivered oats and barley commercially. I would like to state here, and I think it is important—

Q. That would be on the total delivery, the total delivery of oats and barley in a given year, it would all come in?—A. Yes. I think it is important that it should be said that this payment was never intended in all the early discussions as a subsidy to feeders. This was a return of the equalization fees which were collected on exports. And again I would like to repeat that the government were fearful that the amount of coarse grains which were needed in eastern Canada would exceed the proportions they originally expected so they made a guarantee of ten cents and fifteen cents. Now, the situation is this, and there have been some very difficult complications in the working of this which you men probably know something about; and I don't mind telling you frankly that from the administrative standpoint it is the most difficult thing we have had to handle, because it raised the problem of who should obtain this equalization fee as between growers. Now, in so far as the operations are concerned, it would appear now that the volume of barley that would be exported will not permit of a further payment over and above the fifteen cents but the volume of oats being exported will permit further payments. I cannot give you the figures, because we are only in the process of operation but that is the way the thing appears.

Q. You spoke of complications throughout the country in the handling of this business; and at that point, for instance, the tenant farmer is not allowed to purchase the landlord's share of the coarse grains, is he?—A. That is right.

The CHAIRMAN: I just want to point out here, I think this discussion is desirable and should be undertaken at some time, but it is really dealing with the 1944-45 year's operations.

The WITNESS: Yes.

The CHAIRMAN: While I think we desire to get as much information as we can on that, I thought your question was leading up to the basis of the equalization fee, how it was arrived at in making actual sales.

Mr. Ross: That was my question, and I thought it was desirable if possible, still realizing that it was a little out of order now, to know how it operated at the present time.

The WITNESS: Mr. Ross asked me how it operated now.

The CHAIRMAN: In a general way can you state the policy that is followed with respect to arriving at the amount of equalization fee that is recognized in making export sales to the United States?

The WITNESS: I covered that last year, you remember.

The CHAIRMAN: I appreciate that. I know you did it fully.

The WITNESS: The situation is that we get daily quotations from the American markets on the prices existing in those markets in American funds—in the case of oats it is based on 32 pounds because that is their bushel weight for oats—we get those quotations both for oats and barley. We deduct from those prices the costs of getting the grain there and we offset that against the Fort William price plus some allowances for the margin of profit, and we fix the equalization fee to make up the difference between those two. In simple terms that is what goes on.

The CHAIRMAN: And the actual exporter is required to pay that equalization fee to you before he exports the grain?

The WITNESS: Yes, he is required to take out his permit.

Mr. Ross (*Souris*): He cannot obtain a permit until he pays you that difference.

The WITNESS: No.

The CHAIRMAN: Right now, are there very small exports on barley to the United States?

The WITNESS: Yes. Now, I am hoping that the exports will be reopened—of barley particularly—because if you will recall, about three weeks ago the crop prospects were not very good because we had a week of very hot dry weather. Everyone was concerned about the crop prospects and the Agricultural Supplies Board felt that there might be a decided shortage of feed in the event of a short crop and they felt that no more exports should be made of barley. As far as oats are concerned, the oats position was fairly comfortable and we might have gone on with the oats. But I might say at the present the whole export position is held up, I hope temporarily, pending the clarification of two points in the United States: one, whether the duty which was removed will be reinstated; they took off the duty for a ninety-day period and then extended it for a ninety-day period which expired on the 19th of June, so that they have taken no action with regard to the renewal of the freedom from duty. That is under discussion before a committee, I understand, in Washington. Secondly, there is some consideration being given in the United States to the rollback of prices on both oats and barley, and pending clarification of these two points exports are at a standstill.

Mr. Ross (*Souris*): Is there not a prevailing demand in the United States to-day for barley?

The WITNESS: Yes.

By Mr. Wright:

Q. With regard to the equalization certificates that the exporters have, do they have to show you actual sales before they can buy the certificates, or could they buy them on speculation and take a chance on the market going up in the United States?—A. Very often they have to ship before they can sell; but what we do is check the prices that are existing in the market there against the Fort William prices.

Q. Could I go in to-day as an exporter and buy, say, \$50,000 worth of export certificates on the basis of the existing prices in the United States and hold those certificates for later delivery, hoping that the United States prices in the meantime might rise and I would have my equalization certificates cheaper than had I bought them at the prevailing prices?—A. If you came in to-day with \$50,000 worth of export certificates with the complications that we have in the United States, I am afraid that we would try to sell you \$100,000 worth before you got out.

Q. I am thinking of the principle of the thing.—A. Yes, you are dealing with the principle. We do hold the issuance of permits within certain limits, but it is not possible—it is only possible in very exceptional cases for the exporter to buy his grain here, take his freight and make his sale all in one operation. He has to do one thing first and take a chance on the other, and so on.

Q. He could speculate on the equalization certificates?—A. To a very limited extent.

Q. To what extent?—A. Well, if we found that somebody had a large quantity of certificates on hand unshipped we probably would not give him any more—but that is a matter of judgment—until he had completed his contracts.

Q. Has the question arisen at all?—A. Yes, we have turned down a number of them at times when we felt that their request was beyond the immediate sale position.

Q. Within what limit do you hold them?—A. I would not like to give any figures to this committee; that is a matter of judgment.

Q. It is a matter of time and price?—A. It is a matter of both. It is a matter of determining—for example, when you ask what limits are applied, you might have one firm like the Saskatchewan Pool which is a very large exporter, and it probably would be a very normal operation for them to have we will say a million bushels of oats or barley ready to go out; but for some other fellow it would be a very abnormal operation. We have to judge the situation upon the circumstances.

Mr. QUELCH: With regard to the subsidy paid on oats and barley at the present—

The CHAIRMAN: You mean for the 1944-45 crop? I might say that we are dealing with the 1942-43 crop year. If you have in mind the mechanics of the operation, my reaction is that it would be desirable for this committee to get all the information it can from the board on the actual carrying out of the equalization payments to the farmers. With regard to the amount and how it is arrived at, the basis and that sort of thing, those are matters of government policy; but as far as the details of carrying out government policy are concerned, if Mr. McIvor is in a position to answer, I think that the feature which Mr. Ross had in mind should be cleared up and that we should get some information on it, because this is a matter of policy that has been carried through practically three-quarters of the crop year.

Mr. QUELCH: As regards mechanics, certain complications have arisen.

The CHAIRMAN: That is what I have in mind. I think we should discuss that matter and have it clarified. Mr. Davidson has been dealing with this question and perhaps he would be able to answer our questions.

By Mr. Quelch:

Q. There has been some discontent due to the fact that sales between farmers could only be carried out provided that the grain was sold through the elevator, and I know several instances where farmers who live twenty or twenty-five miles from an elevator and want to sell grain to each other have had to haul that grain twenty-five miles to the elevator and twenty-five miles back again—a matter of fifty miles—before that transaction could be carried out; and it was an unnecessary expenditure. I understand that you felt it was necessary to have that transaction carried out in that way to prevent a pegged sale. I cannot see that that prevented a pegged sale being transacted?—A. I must admit that it seems rather ridiculous to ask a man to haul grain fifteen or twenty miles to a station when he is selling to another farmer—he has to take the grain in and bring it out again. Certainly at the outset that appears to be an absurd situation; but this board deals with public funds, and we are also dealing, in some instances, with producers' funds; because the more that is paid out in an irregular way the more it affects either the public treasury or the producer who has delivered his grain commercially. Now, for us to take an affidavit or a document concerning a deal between two farmers as bona fide evidence that one man has transferred grain to another I think would open the gate to all sorts of irregularities; and secondly, I would like to say that we are worried now about irregularities that exist in regard to grain that is taken into a country elevator and transferred. I am not suggesting for a moment that generally speaking the elevator agent is a party to any of this sort of thing but there have been cases. I can think of a case where two farmers have cooked up between them a deal, and we have tried as far as possible to run those things down. We have, in some cases, prosecuted and in every case, I think, we have obtained a refund as far as I know where irregularities were discovered. Now, Mr. Quelch, I would like to be perfectly frank on this because it is a very important administrative problem. We are planning this year—I might say to Mr. MacKinnon that I have not had an opportunity of discussing this matter with him as yet—but we are planning this year on insisting on a man who buys grain for feed obtaining a permit from the Winnipeg office, and he will not be able to arrange it at the country point. I do not know whether that altogether will do away with irregularities but it certainly will cut them down to small proportions, because when a man has to write in and make application for a permit and give his reasons for buying this grain he is going to hesitate before he will do anything that is irregular.

Q. If he gets the permit, will it be possible for that transaction to take place without having to haul the grain to the town? A lot of the farmers live twenty-five miles away from an elevator. It seems absurd that they should have to haul that grain all that way?—A. I agree that it is not a good situation, but I do not know whether you could get an affidavit to eliminate that. The great problem with regard to permitting transactions out in the country is weighing facilities. When a man draws his grain into an elevator he has the weight, the proper weight for that grain for which someone is paying; if the deal is between farmers in the country two producers dealing together, someone is paying out money on nothing in the way of authority as far as weights are concerned.

Q. The farmer who is selling that wheat is going to be sure he has a good weight; he is going to weigh it to his own satisfaction?—A. I agree that with those two men you do not need to worry in the great majority of cases, but I think in any system where public funds are involved you have to put in all the safeguards you possibly can to overcome abuses.

Mr. MACDIARMID: For what purpose does that man buy the grain—for use at home or for speculation?

Mr. QUELCH: He buys it for feed.

Hon. Mr. MACKINNON: Don't you think it would be well to give the committee some information on the extent of the irregularities which make these restrictions necessary? I don't know how far you want to go on that.

Mr. QUELCH: Even if they take the grain to the elevator, the deal can still be cooked up. You are adding to the misrepresentation in making them haul the grain to town.

The WITNESS: The elevator company is being paid for service. The average elevator agent—there have been some exceptions but very few—will not be a party to a deal which would provide manipulation with regard to weights.

Mr. WARD: Is the permit book not a pretty fair check on any false dealing?

Mr. QUELCH: What is to prevent two farmers getting together? A farmer hauls the grain into town and weighs it and puts it back into his bin.

The WITNESS: Nothing.

Mr. QUELCH: What is to prevent this transaction going through?

The WITNESS: Nothing.

The CHAIRMAN: When that man draws any grain out he cannot obtain subsidies against it.

The WITNESS: Provided he has delivered either oats or barley previously; but when he comes back to buy it he has to return the amount he has obtained in the way of equalization fee.

Mr. QUELCH: Unless you could send an inspector out to see that that barley was actually sent there. It might be a sale in which the two farmers split the 15 cents between them. Sending the grain to the elevators does not prevent that.

The WITNESS: I think it reduces it.

Mr. MACDIARMID: Is it illegal for one neighbour to buy from another?

The WITNESS: No, but they must go to a proper place to get the grain weighed.

Mr. QUELCH: I have heard of genuine sales that have been prosecuted and it has caused hard feelings because the farmer had to haul the barley forty miles.

The WITNESS: I do not mind telling you that I have a great deal of difficulty with some of my correspondents on that point. Nevertheless, we have a job to do and we are trying to do it.

Mr. HENDERSON: Could not a lot of this hauling be avoided by using the same elevator agent, most of whom are responsible people, and perhaps weighing one load and becoming responsible as a medium or as a middleman to size up this transaction, and putting it through his quota book and save hauling?

The WITNESS: There have been a number of cases where two farmers have got together and where they have suggested that they take the elevator agent out to the farms. We have agreed to that.

Mr. QUELCH: Without the grain actually being hauled?

The WITNESS: Yes. That is not quite in accordance with our instructions, but we have felt that in such cases—

Mr. QUELCH: That would be a consideration.

The WITNESS: I think that has been very helpful in a lot of cases.

The CHAIRMAN: With regard to the sales that are made through the elevators, is there much opportunity for abuses to develop? A farmer comes along to buy barley from another farmer for feed purposes—it is accepted

that he buys it for feed purposes, and you have no more concern about it; but if he comes along at a later date to sell barley or has sold barley and it is disclosed, he is required to refund.

The WITNESS: Yes, that is right.

Mr. QUELCH: That is a different point entirely from the one we are discussing.

The CHAIRMAN: Your problem deals with the mechanics or going to the elevator and going back to the farm again.

Mr. FAIR: The farmer may leave that barley in his bin.

Mr. ROSS (*Souris*): Does that follow through to the following year? Take the case of a man who purchases barley and sells the barley the next year.

The WITNESS: No.

By Mr. Quelch:

Q. Can I write to individuals and suggest that they contact the elevator agent and get him to go out to the farm?—A. If there is a tested scale in their area, and if they will write to us. As long as the scale is satisfactory and they see that the elevator agent goes out to supervise the operation I think I can say it would be agreed.

Q. That is fine.

The CHAIRMAN: Mr. McIvor, as another case in point, take a man who may have a hired man working for him; he lives on the farm and perhaps has a certain amount of livestock; he has no interest in the crop and he wishes to buy feed grain but he hasn't grown any, would not be selling any; and I understand that he is eliminated from the opportunity of buying and securing the advantage of this scheme?

The WITNESS: That is right.

Mr. HENDERSON: He is not under it.

By Mr. Ward:

Q. There have been a number of examples of how anomalous that situation is, and to emphasize its anomaly one has but to study the case of a tenant farmer. We will say the tenant farmer is on a one-third basis, share basis, under which he only gets one-third. We will say that he has fed all his stock and he needs another thousand bushels, and if he went to the landlord who has sold from that particular land say 500 or a thousand bushels, the tenant is prohibited from buying grain at the market price because the landlord has sold grain from that farm?—A. That is right.

Q. That is something I might say that I would like to see Mr. McIvor and his associates do something to correct; because it is a direct discrimination and it perhaps was not intended that a condition such as that should develop. I think something should be done to correct it, because it is an anomaly that cannot be justified by any respectable or reasonable use of the English language.

Mr. ROSS: I think that is a very important point. I can give you an example down in the particular part of the country in which I live. The farmers were hauled out last year and they were carrying a number of livestock, good breeding herds of cattle, and there certainly was not enough coarse grain remaining on those farms probably to look after this stock, but under the regulations the tenant farmers were prevented from purchasing and taking advantage of this scheme. I think surely we ought to be able to find some way of providing for these people.

The WITNESS: Mr. Chairman, this is a question that has given us a great deal of bother, I can tell you that. Now, I think in the outset when we were

discussing this thing that I emphasized the point that the approach to it was that this was a return to commercial growers and deliverers of grain, and was never considered by anybody to my knowledge as being a subsidy to feeders.

An Hon. MEMBER: That is what it is coming to be.

The WITNESS: I am saying to you, that the minute you open this thing up as a subsidy proposition, you get into a different field.

Mr. ROSS: Then I misunderstood your statement of a few minutes ago; I thought that in explaining this set-up it was for the benefit of the farmers of Canada, to help them to meet the very difficult situation which they found themselves in; it was to be directly or indirectly a subsidy to feeders.

The WITNESS: Oh no, let us get that straight. The thought I intended to convey, and I am sorry if I gave you any other; what I intended to say was this, that under ordinary circumstances if you had not had a short crop in eastern Canada these oats and barley would move to the United States and you would have had in that fund say ten or fifteen cents a bushel as a return from these exports, but when the crop disaster hit eastern Canada the government were concerned and thought that instead of having a substantial figure which they originally had in mind so much of this grain would move to eastern Canada that the amount would be considerably reduced so they decided to guarantee ten cents and fifteen cents as an offset against the amount of grain that would normally or ordinarily have gone to the United States.

Mr. ROSS: I still say that is a subsidy to the feeder, to protect him.

The WITNESS: No.

Mr. ROSS: It was for the protection of the eastern feeder.

The WITNESS: If you raise the question now of the eastern feeder buying his grain—

Mr. ROSS: I am not objecting, don't get the idea that we don't want it.

The CHAIRMAN: Go ahead.

The WITNESS: Now you are raising the point of the western feeder having used the feed that he could commercially deliver and get $51\frac{1}{2}$ cents plus ten cents and $64\frac{3}{4}$ plus 15 cents; if you are raising that question, then you are certainly raising a question which is outside of the scope of the wheat board.

Mr. ROSS: Of course, I was coming back to your regulations and administration, and I was going to point out to you that the stock producer—as a matter of fact I can think of a number of them, some of whom have show herds of cattle, have lost their crop or a large percentage of it through hail and they were tenant farmers, and as such they were now allowed to buy even a small share of the landlord's grain. I think there should be some way of providing for these people in such circumstances, do you see. I know it is very difficult. I sympathize with you very much in respect to administration.

The WITNESS: It is the worst headache we have had.

Mr. ROSS: I realize that.

By Mr. Wright:

Q. Could it not be overcome by issuing a separate permit to the landowner and the tenant?—A. I am going to ask Mr. Davidson to answer that.

Mr. DAVIDSON: The two-permit system might have been of some advantage, but it would add a tremendous amount of work in the office in Winnipeg. You would have to see that the acreages in each permit, and you would have to check them to see that they are in accordance with the terms of the contract in effect which might give the landlord one-third, plus the acreage for the tenant, two-thirds.

Mr. HENDERSON: In some cases it would be half and half.

Mr. DAVIDSON: Yes, it would be terribly confused, and you would find in many cases when you get the actual contract sent into the office that they are not all so clear and definite as you might expect. And you also run into this factor in any one year, the actual marketings may not be in accordance with the contract; that is, he might have a short crop due to a hail storm the year before and the landlord might say when the good crop comes along that he would want an extra 2,000 bushels. It is very difficult in any one year to have this related to the annual terms of a contract. Just following the suggestion that Mr. Wright made, I do not think it would be necessary to go as far as issuing two permit books. The thought we are working on is some way of marking the landlord's marketings as such and then letting the tenant have a clear way.

Mr. WRIGHT: Yes.

Mr. DAVIDSON: If that can be worked out within the one permit book; if your elevator agent could clearly mark the deliveries on the account of the landlord and the deliveries for the account of the tenant; but even there you run up against this point, putting your equalization advance payments on grain, oats or barley, which is fed on the land and grain which is sold, in addition to considering the feature of the subsidy. I do not know how you could deny a man who produces the feeding of his own grain. However, that is just a general observation on it. I would just like to refer to the regulations themselves. At the moment the board is definitely prohibiting from paying advance equalization fees to tenants. That is in the regulations at the moment, and if we did it we would be acting illegally. There is the broad question of policy related to the landlord-tenant arrangement.

Mr. MACDIARMID: Would it not be possible for them to devise a policy so that if the hired man wanted to get up to a maximum quantity, he could do so without the formality of a permit. Supposing a man found himself running short and he wanted to buy grain from his neighbour, could not arrangements be made for him to do so without the necessity of a permit? There should be no difficulty there; there might be the necessity for taking certain precautions; but assuming that he only wanted to buy a few hundred bushels for feeding purposes, why could he not do it directly?

Mr. DAVIDSON: The difficulty with that suggestion would be the fact that these transactions are not all made at once; he might buy ten bushels or fifty bushels at a time but in the aggregate his purchases would amount to 500, 600 or 700 bushels.

Mr. MACDIARMID: They could prosecute if they found any irregularities, and it should not be very difficult to check up on that. I do not think it should be very difficult to phrase a resolution under the Act providing that a man should be able to get a certain amount and no more, a minimum quantity. It seems to me that there should be some simple way of getting around that.

Mr. DAVIDSON: In so far as these feeder permit books stand, there is some discussion going along at the moment in respect to that. They would not require a permit book. That is in the discussion stage and something is being done along that line.

Mr. WARD: In connection with the wheat acreage deduction arrangement people were required to provide certain certificates. That system is quite effective, and if it were put into operation it would clear up the danger of any form of manipulation and it might also obviate the necessity of a permit book. It would be the simplest way of doing it. There are those who would say that such a thing could not be done; but I think we are all agreed that that is an anomaly which ought not to be there.

Mr. DAVIDSON: Mr. Chairman, if I might suggest, even if you solve this problem you will still have difficulties. There are many farmers who raise their own feed barley, and when they feed it themselves they do not get any refund, or any benefit from the equalization fund.

The WITNESS: Your problem boils down to this, it is very hard to convince a man, I have tried—

Mr. HENDERSON: Yes, and so have I.

The WITNESS: It is very hard to convince a man who is feeding barley that he raised himself that that barley is only worth 64 $\frac{3}{4}$ cents and not 79 $\frac{3}{4}$ cents. That is your problem. It all comes back to that. He figures that he is feeding barley on which he could get a commercial price which is considerably higher.

Mr. HENDERSON: The eastern feeder has that idea.

The CHAIRMAN: Now, Mr. Bryce.

Mr. BRYCE: I am in the position to which Mr. McIvor just referred. I feed every bushel of grain that I raise, and I feel that I am feeding that barley at the subsidy price, and why throw that extra fifteen cents away on cattle and hogs.

The CHAIRMAN: Oh, no, you are able to get the ceiling price simply because you do not have to deliver any grain.

Mr. BRYCE: But I still know that if I sold the grain instead of putting it into steers and hogs that I would get that price for it, and I would not have to be paying \$3.50 a day for cleaning the stables.

The WITNESS: We have an advisory committee and as you know, we have said some very complimentary things about them in this report, and we speak of them as producer representatives. We called them in and we said here is your problem, we want your advice. They battled with it for a day and a half—and I do not say this in any criticism of the advisory committee—but we were just as far ahead after they had a day and a half on it as before they started, because there are so many phases to this problem—that is why I say that it is not an easy thing.

By the Chairman:

Q. Mr. McIvor, what was the chief type of offence that you experienced in carrying this out? Where is the chief weakness?—A. Well, the offence is,—I think, in so far as the irregularities are concerned that now when we are going to require them to write in for a permit we can reduce these irregularities to a minimum. The usual offences were, a seller was coming in with barley which was supposed to be going to his neighbour and taking it back to his own farm—Mr. Quelch brought that up—we would have no means of knowing whether it went to the neighbour or not.

Q. Sooner or later that type of case would be caught up with.—A. Provided that it is not carried over into the next year.

Mr. ROSS: I think that is a very open question right there, where a man is not checked up from one year to the other. I can see how it would happen, not in a small way, but in a large way.

The WITNESS: That would be a simple thing to do, to check him up on that. I do not know whether it would pay.

Mr. WARD: Mr. Chairman, can you imagine a farmer shovelling the grain out of his truck and hauling it ten miles and then putting it back so just so he would be qualified to receive the subsidy of fifteen cents?

Mr. ROSS: I know a lot of them who could do that without any trouble at all, Mr. Ward.

The WITNESS: There are apparently some of them who are idle enough to do it.

Mr. BRYCE: Some of them a few years ago would do it for fifteen cents.

The CHAIRMAN: Gentlemen, I must caution you, a record of this committee is being made, so I would ask you to make your questions clear and not talk when another member is talking, if you can help it. I was going to suggest that we follow the procedure of the Banking and Commerce committee where only one member is allowed the floor at a time, but I hardly think that would be necessary here. As you know, it is not possible for the reporter to follow more than one speaker at a time.

Mr. BRYCE: I know, I am sorry.

The CHAIRMAN: Now, Mr. Bryce, were you going to ask something.

Mr. ROSS: Mr. Chairman, I would like to make one suggestion with a view to alleviating the position of the tenant farmer who might have had the misfortune of losing a large percentage of his crop through hail or something of that nature. It has been pointed out that the regulations completely prohibit his getting any benefit as the thing stands. My suggestion is this; I do not think there would be any difficulty in having him submit an affidavit from the Secretary-Treasurer of the municipality as to his requirement. Such officials, as we all know, have had a good deal of experience in work of the kind in connection with P.F.R.A. and P.F.A., and I do not think any of them would be likely to go very far astray in the preparation of any affidavits which they might make. I submit that as a suggestion which might possibly help this situation.

The CHAIRMAN: That is the same observation that I was going to submit, that when they send in their applications for a permit they be required to produce either from the secretary-treasurer of the municipality or some other public official, an appropriate supporting statement.

The WITNESS: And that raises the question, could you stop there? I said at the outset these are either funds for the public treasurer or producers' funds; and if they are producers' funds which they certainly will be in the case of the oats this year, and they may be this coming year—and perhaps in the case of oats and barley, we do not know—but to the extent that you widen this thing out you reduce the amount of money that is available for a commercial deliverer of oats and barley. You must not overlook that fact. And then if you can stop there and I think that we should take a look at it as a board and see if anything can be done—but if you are going to broaden the thing out to the point where a man if he is a producer can deliver his own grain and buy it back and get a subsidy, you can see very plainly—

Mr. HENDERSON: He will need more hogs.

The WITNESS: I do not know anything about anything available in the fund but probably the treasury have lost; nobody knows.

Mr. WRIGHT: I would just like to make one observation to the minister and the government if this present situation continues and it is this, it is going to mean a tremendous reduction in the production of hogs in western Canada; at least that is in my observation, that there are lots of producers going out of hogs because they feel that there is no use staying in them if by doing so they are going to lose this premium of fifteen cents, which brings the price of barley up to 79 cents, as there is no use of trying to feed hogs, for example, and they are going out of production. I do not know how great a reduction the government want in the production of hogs in western Canada but certainly they are going to get it; I feel positive they are going to get a large reduction in the present set-up. However, that is the government's business.

Mr. WARD: We heard that very same view expressed last year, and all Fall the production of hogs did not go down. The farmers in my district mainly are feeding their own grain. Ninety per cent of the grain grown in that district is being fed in that way and there is plenty of money to be had through hogs.

Mr. WRIGHT: And a reduction in the production of hogs is bound to be the result.

Mr. WARD: As I say, in my case I find that it is increasing.

The CHAIRMAN: There are a lot of other factors which come into the picture which will have a profound influence on the production of hogs.

Mr. ROSS: You will find that varies in a good many districts. I can give you my experience, what I saw of what was happening in a certain district which I happened to visit last year, how other factors enter into it. For instance, income tax; the income tax inspector goes around the area and he calls at the farm and he goes in with the farmer to the municipal office and he checks up his records and the farmer finds that he has a lot of taxes to pay that he had not expected to. I am not saying that it is not right, of course he should pay the same as anybody else. But this fellow says by gosh, what am I working so hard for if I get nothing out of it. Why should I bother feeding a lot of livestock when I can sell my oats to get a bonus of ten cents, and when I can sell my barley and get a bonus of fifteen cents which I don't get if I feed it to cows and hogs. I know that is happening. These people say they are not working for themselves, they are working for the government, and why should they be giving all this money to the government. Of course, I do not agree with that view at all, but that is what is actually happening in connection with income tax. They say, why do we feed all these hogs and why do we milk all these cows when they look at their neighbour and see that he is having an easy time of it without doing that, They are actually doing that in some districts.

Mr. FAIR: There is one type of case that has not been brought up; it is the case where the tenants on the farm change places. For purposes of illustration suppose that I was on a rented farm in 1943 and sold my grain, and at the end of 1943 or in the spring of 1944 Mr. Ross comes along and moves in and starts farming there—he may have moved from another district and sold his grain—I have some on my place which Mr. Ross wants to buy, but because I have sold my grain already Mr. Ross cannot buy that grain and get the subsidy. That perhaps has some bearing on the case. It has happened that way. There might be some way of getting around it.

The CHAIRMAN: Mr. Ross in that case probably sold his own grain.

Mr. FAIR: He may have, or he may be just a new man starting out.

Mr. ROSS: Or, a little green.

By the Chairman:

Q. I was going to ask you one other question, that is in connection with feed grain and the use of the equalization fund; does the equalization fee come into the picture with respect to a man selling registered seed grain as well as the seed grain that might be exported to the United States?—A. He get a premium and exports it.

Q. Is he required to have that type of sale recorded in his permit book?—A. No, not registered seed.

Mr. ROSS: But I understand you to say that he did not get a bonus on registered feed.

The WITNESS: No, the question by Mr. Weir was as to whether he was required to have that recorded in his permit book when he delivered registered seed, or whether he got a special permit—that was your question?

The CHAIRMAN: Yes. I understood by one experience I had that he was required to go to his elevator and have his grain recorded in his permit book so that he could get advantage of any subsidy that might be paid on the export of feed grain.

The WITNESS: I do not think that is right, but I will get the regulations.

Mr. ROSS: I do not think it is either, I do not think your regulation is very clear as to that, if you include registered feed. I have had a very difficult case in my own neighbourhood and just on that line.

The WITNESS: My understanding of that, subject to correction, my understanding as to a man having registered seed grain is that he does not receive the equalization guaranteed payment; that he exports it without payment of the equalization fee. Anyway, it is registered seed and that does not come under these regulations.

The CHAIRMAN: I do not see why they do not come under those regulations.

Mr. ROSS (*Souris*): I have a case which is a little confusing where a neighbour of mine grew this seed and sold it to a seed house in the province of Manitoba, and he maintains that he thought he would collect the producers' bonus himself. This was not discussed in the sale—I am giving the producer's viewpoint. He went into the wheat board offices in the winter and asked for some settlement and the seed house had made the claim for the settlement.

The WITNESS: If he sold his grain commercially to the seed house I think he would be entitled to the additional payments, but if he exported to the United States himself as an individual, as registered seed, my understanding is he would not obtain the payment and would not have to pay the equalization fee.

Mr. ROSS (*Souris*): This was not exported, it was sold to a seed company in his own province.

Hon. Mr. MACKINNON: Did not the producer actually get that payment afterwards?

Mr. ROSS (*Souris*): He had not at Easter time. It was last January he was taking this case up with the board. I am not sure what happened this summer, but at Easter he had not been paid.

Hon. Mr. MACKINNON: I think we have discussed some of these things.

Mr. ROSS (*Souris*): Yes, I had it up with the minister and I took it up with the wheat board, and the seed house in turn maintained they had taken into consideration the bonus when they made a deal with this man. There is a difference of opinion when we consider both parties.

The committee adjourned to meet at 4 o'clock this day.

(AFTERNOON SESSION)

The committee resumed at 4.10 o'clock p.m.

The CHAIRMAN: Gentlemen, we will proceed. We have with us this afternoon the Hon. Mr. Crerar, and we should be obliged if he would come up and join us at the front and probably learn something about the Canadian Wheat Board.

Hon. Mr. CRERAR: Thank you, Mr. Chairman, but I just dropped in to watch the proceedings a little while. I thought I knew something about wheat at one time, and I just want to see if I have forgotten.

The CHAIRMAN: This morning the chairman of the wheat board reviewed the general statement of the operations of the board and then we started to go over the report page by page and we got down to the feature dealing with the equalization of payments. We were still discussing that question when the committee rose before lunch. That is on page 7. If there are any observations to be made in connection with that section of the report, perhaps we can continue from there.

By Mr. Ross (Souris):

Q. I would like Mr. McIvor to continue from where we left off. We were discussing the matter of producer payments and I brought up the matter of a particular case where the producer had sold seed to a seed firm and the seed firm were paid the bonus?—A. Mr. Chairman, I telephoned to Winnipeg with regard to that matter and the situation is that if a man delivers seed to a seed house he is paid 10 or 15 cents just the same as for delivery to an elevator company. If he exports either barley or oats in the form of seed he pays the equalization fee but he gets a return of the 10 cents or 15 cents and he shares in any profits that may accrue to the equalization fee fund.

Q. If you made that payment to the seed house what recourse would the producer have?—A. The producer should be able to obtain payment from the seed house the same as he would from the elevator company, and if you have a case I would like to have the particulars and I will see that it is cleared up.

HON. MR. MACKINNON: I think it has been.

Mr. Ross (*Souris*): I took the matter up with the minister, but it has not been cleared up. We had a lot of correspondence about it. I would like to express my appreciation to the minister for all he did on my behalf in this case, and I do not in any way blame him. He got in touch with the officials several times. When I was home at Easter this man came to me. He was a good farmer and an excellent producer, but he was still considering taking some legal action against this seed firm, having regard to the seed firm's claim that they had taken into consideration the matter of bonus when they made the purchase from him. It was a carlot of registered oats, and according to correspondence I had the payment was made by the board officials to this seed company, and not to the producer. At Easter time the producer had not received any consideration. What is the official position since Easter? I am not in a position to say. I will give you the particulars.

The WITNESS: If he has not got it I will see that he gets it.

By the Chairman:

Q. Where do you come into the picture with respect to seed grain exported to the United States or elsewhere?—A. Seed grain is practically in the same position as other grains. You have your large differentials between the two markets, but you could not very well make available that market to a man who raises seed and not to a man who raises ordinary types of grain; and differentiate one from the other.

Q. In other words, a man who is shipping seed grain to the United States is obliged to secure a permit to do so; is that right?—A. He is obliged to pay his equalization fee just the same as any other shipper, but he gets 10 or 15 cents—10 cents in the case of oats and 15 cents in the case of barley.

Q. Just as an ordinary grain shipper?—A. Yes, that is right.

Q. In what position is he in the way of distribution?—A. He shares in the general fund if there is any surplus over and above the 10 or 15 cents.

Q. But not in the price with respect to seed grain only?—A. No, there is one pool. There have been no shipments of either oats or barley seed to the United States.

By Mr. Fair:

Q. In the case of a seed exporter such as you are speaking of, the seed price would usually be higher than the ordinary market price. Would he have to pay the difference between the market price here and there?—A. He would pay the ordinary equalization fee, and if he could get a relatively higher premium on account of having seed he would obtain that.

The CHAIRMAN: In his initial transaction.

The WITNESS: Yes.

By Mr. Wright:

Q. How would your board come to pay that 10 or 15 cents to the seed people? Is not that a payment made to the grower?—A. To the grower, yes; only to the grower.

Q. In this case which has been mentioned, apparently, it was paid to the seed house?—A. Apparently that was in error, Mr. Wright. I have not the facts of the case but it should be paid to the producer; and I want to tell Mr. Ross that that matter will be cleared up.

Q. I was wondering if it was the habit of the board to make such payments to the seed houses?—A. No, sir. What happened in that particular case was that the seed house acted as an agent for the board the same as an elevator company. The elevator company in such cases would pay out the 10 or 15 cents to the producer and charge the board. In this case apparently they have not paid the producer the 10 or 15 cents and apparently they have assessed the board, based on the particulars I have.

The CHAIRMAN: Are there any further questions with respect to the equalization fund?

By Mr. Perley:

Q. How many bushels of oats and barley were exported to the United States? I was not here when you read the report.—A. For what period?

Q. Since the equalization fund was set up.—A. The figures are here in the report, in the last two paragraphs on page 8.

Q. With respect to barley, barley was much higher than in the past, was it not?—A. Yes.

Q. The equalization fund paid and then they checked up on the exporter as to what they had sold?—A. That is right.

Q. Did you have much trouble checking up on that?—A. No.

Q. Then the difference over and above the equalization fund was distributed?—A. Based on the bushels. It is all in the report here if you will look at page 8. It starts at page 6 and deals with barley and goes over to page 8, and the figures are given there.

Q. It does not show how much they exported; how much they got?—A. It depends entirely on the sales. The present margin on oats is about half a cent a bushel, and it ranges from half a cent to one and one-half cents a bushel on oats.

Q. And on barley?—A. Barley would probably be one cent to three cents a bushel. In some cases they have to carry barley, special bin it and carry it, as malting barleys, and pay storage and carrying charges on it.

Q. Was not the American price of barley out of line most of the time?—A. Yes, but the situation is that—you were not here this morning when this was discussed—we took the American price, whatever it is, and the difference between the Canadian market and the American market—that is making the proper allowance for the cost of shipping—transportation costs and normal margins of profit are put into an equalization fund. That fund is guaranteed,

now, to the extent of 10 cents for oats and 15 cents for barley, but the payment is made on all the oats and barley delivered commercially whether they go to the United States or not. Every producer shares in those payments.

The CHAIRMAN: May we proceed to the next section with regard to delivery quotas? And may I observe here in passing that the official reporters sometimes find it difficult to hear everyone, so I will ask you to speak up distinctly when asking questions or making comments.

By Mr. Wright:

Q. I would like to ask one further question with regard to malting barleys. Have you any figures showing the premium paid on malting barley in the United States as compared with the 5-cent premium paid in Canada?—A. Yes, we have those figures. They vary, depending upon the qualities of barley. Generally the premium paid in the United States is higher than the 3 to 5 cents paid in Canada.

Q. Could you put those figures on the record?—A. For what period do you want them?

Q. For the last year, the last crop year. Let us take the three-month period, October, November and December, 1943.—A. We will have to get those figures. I might say that I telephoned your chairman and asked him if he would kindly let us know what information was wanted by the committee so that we could have it available. At that time he did not have anything to say.

The CHAIRMAN: All I can say is that I made an attempt, but at that time there were no observations made with respect to specific information that was wanted, and I thought it would be in the report.

The WITNESS: We will have to get in touch with Winnipeg.

By Mr. Wright:

Q. It seems to me that the Canadian premium is too low at the present time on malted barley. We should have comparable figures with the United States?—A. It is pretty difficult to make a comparison because of the type of barley that is used for malting in this country. In some cases it is unacceptable to the Americans malsters, and vice versa, and it is difficult to make a comparison, but I will see what information I can get for you on that question.

The CHAIRMAN: We will proceed to deal with the question of delivery quotas 1942-43. Are there any questions? I presume that the whole matter of delivery quotes bears on railway facilities?

The WITNESS: Yes, there has to be a very close co-ordination between the transport facilities and the movement of grain from the country, and the delivery quotas are largely based on the ability to get railway cars into the shipping points. There is every prospect that we will start the new crop year with 200,000,000 bushels of space in the country elevators, which is a much more satisfactory position than existed last year.

By Mr. Fair:

Q. Would that be in addition to your terminal elevator space?—A. Yes. I may say that I talked to Winnipeg and they told me that during the twenty-four hours preceding 12 o'clock last night they had rain—in many cases torrential rain over western Canada, and it looks very much as though we are going to have a pretty large production again this year. So that production will have to be related to the available elevator space. The present position is that there is 147,000,000 bushels of available elevator space in western Canada country elevators; there is about 6,000,000 bushels available at western terminals, at government terminals and in British Columbia, which includes the private elevators of British Columbia—I may say that those are private elevators in the west and British Columbia. In the public terminals there is about 7,900,000

bushels of space. There is another 6,000,000 bushels of space at the Pacific coast. There is about 100,000,000 bushels of space at the lakehead, including the annexes, and 21,000,000 bushels of space at the lower lake ports. There is 17,000,000 bushels of space at the St. Lawrence port and 2,000,000 at the seaboard. That is a total of about 311,000,000 bushels of space. That cannot all be used, because we have conflicting grades in there and that space can only be partially used. In looking at the space situation you must consider that you can only use that space if you have one grade and are able to use up every bit of space. As it is, with the various grades and grains, there is part of that which cannot be used.

Mr. Ross (*Souris*): Is it anticipated that wheat deliveries will be on the quota basis this fall? This will be useful information to the producers in estimating their own requirements of storage on their own farms.

Mr. HENDERSON: May I suggest that at Easter time I went to many farmers, and I would like the board to know how the quota system has been appreciated by western farmers, the only fear being that if you lift the quotas they will not be put back again. I said that surely with the big crop they will inaugurate the quotas again even if there is considerable space in the local elevators. It was thought in fairness to the small farmer that he ought to have an even chance. The big farmer has superior transportation facilities and with his trucks is able to fill up the elevators. I have communicated this to the minister and I think he has had the matter up with the board.

The WITNESS: We are sending out all the permit books as if the quotas will be in operation as of the 1st of August. The question of whether we are going to put quotas in when there is space in the country elevators is a question we have never had to deal with. The reason we put quotas in before was to ration available space in the country elevators. Now, if we have available space I think there is quite a conflict of opinion as to whether the quotas should be put in for the mere purpose of holding back wheat to individual producers. I would like to have the view of the committee in that regard because it is a very important point.

Mr. CARDIFF: Will that space increase before the crop comes in for harvesting?

The WITNESS: Yes, it will.

Mr. WARD: Do you include the annexes in that space?

The WITNESS: Yes. I include the annexes at country elevators in making the statement that there should be about 200,000,000 bushels of space as of August 1st. Now, there will be additional space before the crop starts moving in many areas because the first two weeks shipping in August will make further space in many areas in western Canada before the new crop comes on.

By Mr. Ross (Souris):

Q. How long do you think it will be before you will be in a position to make an announcement to the public on the system of deliveries in the fall, because as I pointed out many farmers have a problem to figure out of their own storage on their own farms and are directly affected by the policy which your board will have in effect, and the sooner they know it the better?—A. Of course, the answer to that question is largely wrapped up in the production, and we felt that we should have some further knowledge of the crop situation before we made any announcement; because if we have a wheat crop of 300,000,000 to 350,000,000 bushels there is no necessity for quotas except for the purpose, perhaps, of dividing the space among big and small farmers. If we have a bigger crop we may find ourselves in the position where we put on a quota at the 1st of August and make it a fairly substantial quota and then have to taper off as the wheat is delivered to the elevators. Until I know something more definite of the crop it is difficult to make a statement.

Q. Even that would be very much appreciated if it was a large quota.

Hon. Mr. MacKINNON: I might say, Mr. Chairman, I am getting quite a large number of representations, largely from the secretaries of municipal districts, urging that the quota system be continued irregardless of space in the country elevators. Take a case in point; there might be space for say 100,000 bushels and only 80,000 bushels to deliver in that particular point. There is a question that arises in my mind there as to whether or not we should open the quotas entirely at that point or tell the man that he can only deliver a few bushels although there is space there.

Mr. WRIGHT: It seems rather foolish if the space is there that it should not be used, but where space is not available at any point to receive the total crop then certainly I believe that the quota system is the fairest way of delivery.

Hon. Mr. MacKINNON: You have just mentioned the other side there. Are you going to establish these quotas and insist on them whether there is space there or not? The secretaries of the municipalities put forward the point of payment of taxes, and so forth, and the income running over various months.

Mr. Ross (*Souris*): I think most everybody in the community appreciates the quota system from an economic point of view so that every farmer has an opportunity to deliver at least some of that quota which is set as large as possible, but the point that I was making is that the sooner that policy can be announced the more assistance it will be to the public in general. That does not apply only to municipalities but to everybody else doing business in Canada.

The WITNESS: We may have to, of course, deal with the quota system as suggested by Mr. Wright. We may have to have local quotas at certain points and at other points have freedom of delivery, depending on elevator space. Quite frankly, my opinion is, in spite of the information we have from the municipal secretaries, that as long as there is elevator space at a point it is very difficult to institute and maintain a quota system. I think probably they will feel they should be able to deliver their wheat, particularly under present circumstances when once they deliver their wheat the carrying charges are for the account of the government. In other words, they deliver their wheat, are paid for it and the wheat is carried. This may be temporarily, if you have payments later on, the carrying charges will be charged against the payments, but my own personal view is that I do not think you can maintain a quota system at a point where you have ample elevator space.

The CHAIRMAN: I think, Mr. McIvor, you are overlooking one thing in this picture. That is that you have had a large delivery of this year's crop, you have paid out this dividend on the sales of the previous year's crop, and there will be a disposition, particularly with those with a large crop, to hold back from the standpoint of taxation if nothing else. I think most of them will fill their own facilities and will not be nearly so anxious to deliver their grain as they have been in years gone by, which will be a very important factor in determining the amount of space available.

Mr. FAIR: I believe it has been found there is a considerable quantity of old grain lying on the farms yet of possibly the last two or three years. Around my part of the country I know there is quite a lot of old grain, and regardless of the size of this year's crop there will be quite a lot of old grain go on the market this year as well as some of the new crop. That may affect it.

The CHAIRMAN: Will that go out before the end of the crop year or after?

Mr. FAIR: I do not know.

Mr. Ross (*Souris*): It will vary in districts. Some of it will not be until the harvest starts in the districts. I think your policy in the past has been as

Mr. Wright suggested; you have set your quota according to the available space in some districts, and lifted the quota in some districts as soon as you could.

Mr. HENDERSON: That is what they are asking for.

Mr. FAIR: If space is not available I think in order to give the man who does not get an opportunity to get into town very often the same opportunity as the man in town you should have quotas and ration the space in the elevators so that they will all have a chance to get some grain in.

Mr. McNEVIN: Was not the main reason why the quota system was brought into operation on account of the lack of storage space? It surely would naturally follow that with ample storage space there should not be restriction on the delivery of wheat. That would be my own opinion looking at it from an outsider's point of view.

Mr. HENDERSON: Mr. Chairman, may I just point out one thing briefly to Mr. McNEVIN. The theory of most of the people is that before the man without a truck and facilities gets it in the local space will be filled by the big fellow. That may not happen at all.

Mr. ROSS (*Souris*): They will not have sufficient storage space at home.

Mr. McNEVIN: I qualified my statement by saying ample storage space. If ample storage space is there then no matter how much the big fellow delivers there is still sufficient room to hold the little fellow's wheat.

Mr. HENDERSON: Again I might point out as Mr. McIVOR has pointed out that there may be another 200,000,000 at this end. There may not be cars to get the grain down. It may fill local space and not give the small fellow who pays taxes a chance to get in.

The WITNESS: To go back to the time we instituted the quota system—and I might say, speaking personally, I never embarked on anything with such reluctance because we were putting in something brand new and we had farmers going around with 250,000 permit books, something they had never had before, that largely through the cooperation of the farmers themselves I do not think any operation of the board has worked so successfully as the quota system. I think it is the highlight in rationing in this country. The reasons why we put it into effect were simply these; first of all dealing with the general over-all storage picture, if we had not put the quota system in it would have meant that the producers in Manitoba and the producers in eastern Saskatchewan would first have filled the terminals. Then, it would have meant that when the producers west were going to market their grain they could not find any place to ship it. Going further with the problem, the thought struck us of the effects on the country elevator itself and the big producer filling up available space and any space available for a man to deliver his grain other than at the country point itself. So the whole system was based on the rationing of storage all over western Canada. It equalled delivery opportunities whether they were in Manitoba, Saskatchewan or Alberta. It has not always been possible to carry that through to the ultimate result because in several cases we needed grain very badly at the lakehead and we had to turn out railway cars into the nearby points to move this grain, but in general I think it has worked very well. I would say that as far as we can go today is that we would want to consider the picture after we know more about the crop, and I would think probably we will end up with some kind of quota system in which a man will be protected at the points where there is not available storage. Where there is lots of storage he will have the right to deliver. I would say that is the sensible way of handling the thing.

Mr. WRIGHT: I agree with Mr. McIVOR in that, and I would say I think the quota system has been generally accepted as being very satisfactory in the west.

I would like to make one comment though with respect to the municipal secretaries saying that the quota system should be used as a matter of distributing farm income over a period of months, over the year. I do not think that was what the quota system was inaugurated for, and I do not think it should be used for that purpose. I think it is a rationing of space and as such it should be continued.

The CHAIRMAN: In that same regard I think it is desirable that any action that is taken shall keep in mind the desirability of holding over wheat or other grains, for that matter, in case of a short crop another year.

Mr. WRIGHT: Yes, I agree with the principle of that, but I think probably this can be worked out from some other angle, probably through some system such as they have in the United States of an ever normal granary whereby grain is held on the farms rather than through a quota system.

The CHAIRMAN: Are there any more questions with respect to delivery quotas?

Mr. PERLEY: Mr. Chairman, it rather resolves itself to this, that the board will have to make an estimate of the crop around the first of August and then appraise their available space and decide then whether it is necessary, but in any case after what you have said, Mr. McIvor, the first quota, if you have to inaugurate the system, would be considerably larger than the quotas you have had in the last two crops?

The WITNESS: I think it is bound to be on the available storage. Mr. Davidson points out to me the comparison between this year and last year. There is every prospect we will have 200,000,000 bushels of space on the first of August. That is not net space, but taking off 25 per cent, which is an ample allowance, we will have 150,000,000 bushels of net space on the first of August. We had 10,000,000 of net space last year. That is the amount of net space we had when we started the crop season. That will give you some idea as to the delivery possibilities this year as against last year.

By Mr. Perley:

Q. Mr. McIvor, we were talking about quotas and permits. I have a resolution on the order paper, which you might have seen, that in case we have to have the quota system inaugurated to handle the crop that the permits be negotiable. When a farmer unfortunately has only 8 bushels to the acre or 6 bushels to the acre in a hail year and his neighbour has 25 bushels, and the man with the small crop has not even enough there to fill the first quota, what do you think of a system of allowing the permits to be negotiable? I have a question I will ask later on about prosecutions with respect to that because I know quite a few cases where they did carry on this sort of thing, delivering under the wrong permit. Do you think that could be carried on at all? It would help out the fellow who has a large crop to get rid of some of it and it would not make any difference in the ultimate number of bushels?—A. Of course, the very foundation of this quota system is that nobody who over-delivers cheats the wheat board. They do cheat their neighbour. I think if you open this thing up—this is my frank opinion—it has worked well; you all agree it has worked well. There have probably been some cases where it has not worked quite as well as you may have liked, but if you open it up and under conditions of short storage make wheat exchangeable I think you will break down the system. That is my judgment.

Q. There would not be any more wheat delivered?—A. What would happen is, here is a man and he is a neighbour of yours. He has got a good crop and you have been hailed out. He has not had a chance to deliver, but you go and borrow from some other neighbour who has got a lot of wheat. You run in with that wheat and take up storage and the man who has not had an

opportunity to deliver holds the wheat. I think the system has worked well. You mentioned prosecutions. We started off by not prosecuting people who over-delivered their wheat. We could see after about two months that the whole system was going to fall apart and we had to institute a system of prosecutions which has been proceeded with, much as we disliked doing so. I should like to hear Mr. Davidson on that. He may have other views, but I think once you start to make these permit books exchangeable under a system of short storage facilities that your system will break down.

Q. How many prosecutions have you had?—A. That is dealt with a little later on.

The CHAIRMAN: Are there any other comments you wish to make with respect to that?

By Mr. Wright:

Q. Is a situation likely to exist next year—I do not suppose it will—as existed last year when you had to take grain from certain areas and in other areas the quotas were left quite low?—A. That depends entirely on the availability of rail transport. We did that with a great deal of reluctance, but we figured our first job after all was to fill the demand. We had to use the railway cars that we got to the best of our ability. I hope that situation will not arise again because frankly we do not like it. We had to do it to take care of an emergency.

Mr. PERLEY: On that subject, the C.N.R. runs parallel to the C.P.R. right through the whole part of Saskatchewan. Last fall quotas were much larger in the south end where they were getting more cars than they were along the C.P.R. On the road on the C.P.R. from Moosomin right to Regina they did not have as large a quota as they had 16 or 18 miles south of the C.N.R. for a number of months. Practically all through they had a larger quota there than they had on the C.P.R. Why would that be? They were both shipping to Fort William, both practically in the same part of the province?

The WITNESS: The railroads would be servicing one line and not servicing another line. I might say we do not attempt to run the railroads. They know how to run them better than we do. We do try to co-operate with them and put pressure to bear on them when cars are not being made available for certain areas. We have found at times that in spite of all we could do we could not get cars into certain areas. There were all sorts of reasons. One was probably the carrying of coal, and the railroads found it was hard for them to get cars on branch lines, all sorts of reasons why cars would not go into certain areas. I think we did clean up these bad points just as soon as we possibly could. I will say that within the past year due to the shortage of cars probably the quotas have been more inequitable between areas than they have been in previous years, but there was just nothing we could do about it.

By Mr. McNevin:

Q. Mr. McIvor, the possibilities of a lessened movement of coarse grains to the eastern provinces this year should relieve the car situation quite substantially, that is, if present prospects for the crop pan out?—A. I should like to say this to this committee because I think it should be said; I do not believe anyone worked harder to keep the railroad cars in the grain business than the transport controller. I give him full marks for the efforts he made, even to the extent of requiring shippers in eastern Canada to hold back on their shipments of certain goods in order that he could get cars to western Canada. There was absolutely no complaint in that regard.

By Mr. Wright:

Q. Was not one of the main reasons for the congestion the fact that in July of last year, I believe it was, there was a lot of grain loaded in cars in western Canada and shipped to the head of the lakes which could not be unloaded because of labour difficulties at the head of the lakes?—A. That is right.

Q. That was one of the main reasons for congestion and that is not altogether cleared up, is it?—A. It is not cleared up but I will say it is tremendously improved. They are unloading now at the lakehead over 1,200 cars a day which is more than they have been unloading in previous months.

Q. On the information which I have, Mr. McIvor, some of the facilities are not being used at the head of the lakes to capacity right at the present time?—A. That may be true but I am saying that the overall picture at the lakehead has improved tremendously. Their average unloadings are running about 1,200 cars a day which is substantially higher than unloadings of several months ago.

Q. What is their capacity at the head of the lakes provided they had all the facilities they needed?—A. Twenty-four hour capacity?

Q. Yes.—A. I do not know what that would be.

Q. I think it is quite a lot more than that.

By the Chairman:

Q. How many cars are being loaded per day for shipment now?—A. Loadings in the country?

Q. Yes.—A. Loadings in the country are running from 1,400 to 1,600 cars a day.

By Mr. Perley:

Q. With regard to available space at the head of the lakes, what proportion of it is in annexes and what is in terminuses? Are the annexes full at all or have they got any?—A. They have got some. Some of the elevators have some wheat in the annexes, but they are by no means full. I have not a breakdown. This figure is all lumped together.

By Mr. McNevin:

Q. In connection with the movement of grain to eastern Canada, I think the highest commendation is due to the transportation companies. When you analyze the amount of grain required and then consider the great distance that grain had to be moved, I think they did a remarkably fine job.—A. That is right.

The CHAIRMAN: Can we proceed to the next section?

Mr. WRIGHT: No. There is another question I should like to ask with respect to this matter of congestion.

By Mr. Wright:

Q. I am bringing this out so that if these reasons are right they may be remedied. Is not one of the reasons of the congestion the fact that coarse grains were being handled by the trade and they were not always available for movement at a time when they were needed in the east? It was only after the board got complete control of the movement of coarse grains that they were able to make the best use of the facilities for moving them.—A. That is not quite right. The situation with regard to the movement of coarse grains and wheat is this. It was the board which decided the quantities that would be moved of the coarse grains in relation to wheat or wheat in relation to coarse grains.

Q. I should like to ask a question with respect to the demand for coarse grains in the east. There was a time when there was quite a demand for coarse grains in the east. I understand that demand could not be met at certain periods or at certain times because the board did not have the grain available. The trade apparently were not able to do it.—A. The coarse grains have always been handled by the trade. We have never handled the coarse grains.

Q. You have had more to do with the handling of them recently than you had in earlier periods?—A. No. We have handled coarse grains—when I say “handled them” I mean we directed the movement of coarse grains, for how long? Was it twelve months, at least?

Mr. DAVIDSON: Yes.

The WITNESS: For twelve months at least. There were some delays in the shipment of grain to eastern Canada because the elevators, due largely to the shortage of labour, could not load out boats and load cars at the same time. There was not a sufficient amount of labour to make that possible. Consequently, with the importance of the boat movement, the loading of cars at the lakehead for a time had to be put on what we call the second priorities list, and they were loaded at times, or in between times when the boat loadings and car unloadings were being handled.

By Mr. Bryce:

Q. Mr. McIvor, if I may take my permit out at a point where there are six elevators, I can do business with those six elevators. If I take my permit out where there is only one elevator, I can only do business at one, while four miles one way there are two elevators, and four miles the other way there are two more elevators. Could not some arrangement be made whereby a man could go there when facilities are not available, or where there is only one elevator at that point?—A. I cannot conceive of anything that would cause more complaints in the country. What would happen in those circumstances, if you permitted a wide range of delivery points—

Q. I do not mean a wide range of delivery points.—A. Well, three points.

Q. One point, or an alternative of two points.—A. I will take your alternative of two points.

Q. All right.—A. What would happen is that a man who trucks would hear there was this space. He would get the right to deliver at this point. You are a small farmer. He would rush in and deliver at the two elevator points. Then he would hear there was space coming along at the one elevator there and he would rush over and deliver there. Therefore your opportunities would be less. But I will say this to you. If you felt that you wanted to switch from one elevator point to another, and you wrote in to the board and said, “I would like to have permission to deliver at, say, Carman instead of Elie,” the board would grant that permission, so that you could deliver. But if you left that open, you would find that a man delivering grain with trucks, the big farmer, would be using those two points as an alternative delivery point, one to the other, and the small farmer would be out of luck.

Q. You give the trucker that privilege where there are six elevators. He can make his deliveries at either one point or another.—A. That is quite true.

Q. The other fellow has only one elevator, and he has only the right to go four miles either one way or the other, to get rid of his grain.—A. No. The principle of the elevator at that point is this. We will say there is one elevator at Elie. That elevator is built to serve the producers in that area. That is the reason it was built there. The other two elevators were built to serve the producers in the other area. If you permitted a free interchange, where you did not have to even get authority to deliver, you would find that the bigger

farmer would deliver to the two elevators, one elevator and the other, whichever suited him, and the man with the one elevator point would be out of luck probably, he would not have the same facilities for delivery. What do you think?

Mr. DAVIDSON: That is right.

By Mr. Bryce:

Q. You do not compel that man to go to Elie. You have taken Elie. I do not know Elie.—A. I do not know it either.

Q. I am thinking of my own home point. You took Elie as an example. You do not compel that man to go to Elie. He can go to Winnipeg if he wants to and register in St. Boniface.—A. Yes, surely he can; if he wants to go to Winnipeg where there is always ample elevator space, he will be able to. He gets authority to go to Winnipeg to deliver his grain.

Q. Then you are catering to the trucking fraternity.—A. No. We are not catering to anybody.

Q. Surely you are.—A. I am sorry. We are not catering to anybody.

Mr. HENDERSON: Unless he has a truck he cannot deliver there.

Mr. BRYCE: He is getting a premium on the grain he sells.

Mr. HENDERSON: He hauls a long distance to earn that premium.

By Mr. Ward:

Q. Mr. McIvor, do you permit a farmer to change his delivery point? Suppose Farmer Jones, who lives about half-way between two delivery points, finds it more convenient to go to a delivery point other than the one he had been registered at the year before. Would you not permit him to do that?—A. Yes.

Q. He would be accepted at the other point?—A. He would get authority to deliver to the other point.

Q. That answers Mr. Bryce's question.—A. Mr. Bryce, as I understood it, wants the thing opened so he can deliver at either point.

Q. Then how would you control it?—A. We would have no means of control at all.

Mr. BRYCE: You would be going to two elevators just the same. You would be going to six in Dauphin. You have six elevators at Dauphin.

Mr. WARD: They are all at Dauphin.

Mr. BRYCE: You can go to either one. The elevators I have in view are only three or four miles apart. They are both in the same district.

Mr. WARD: How would you control them?

Mr. BRYCE: You tie one farmer down to only one elevator; he can take all the grain he likes to that elevator.

Mr. BERTRAND: He has the privilege to ask to be transferred to another point.

Mr. BRYCE: Transfers are not easily arranged. Mr. McIvor knows that and he knows the district.

The WITNESS: May I go on for a minute on this? You are the wheat board in this case. You have the job of watching these quotas. Again we will use Elie and Carman, just pull them out of a hat.

The CHAIRMAN: They are two good towns.

The WITNESS: Yes. The chairman comes from there. Anyway, you say to yourself with regard to Elie, "Now, there is a 30,000-bushel space at Elie. We know that there are 20,000 acres signed up. The quota is, we will say, 10 bushels. We can raise that quota to 15 bushels, based on the space position."

So you raise it to 15 bushels. But under your proposal, there is this interchange. The minute you get that raised, you find that overnight or in the next day or two, the fellows from Carman come over, and they fill all the space at Elie because you have given them this choice between Carman and Elie. Your Elie man, whom you have raised the quota for, apparently cannot for some reason or other deliver his wheat to Carman. You have raised his quota. He hauls it into Elie and the elevator is all full, filled by the fellows from Carman.

Mr. BERTRAND: There is no control.

Mr. BRYCE: That is not a fair illustration. You have taken Elie and Carman. How many miles are they apart?

The WITNESS: That is an illustration.

Mr. BRYCE: Those are two separate districts. I am talking about two elevators in the one district.

The WITNESS: All right. I will take that. I will take two elevators in the one district, and I will say to you that if the towns are, say, five miles—

Mr. BRYCE: No, it is not even that.

The WITNESS: You are making this very difficult for me, Mr. Bryce. I have taken this up with you before at Winnipeg.

Mr. BRYCE: Yes, I know; and I am still of the same opinion that there should be something done by the board where the elevators are very close, serving the same district. I do not want you to go any further, because you have advanced those arguments to me in Winnipeg.

The WITNESS: I am afraid I did not do it very well.

Mr. BRYCE: Well, I went away convinced perhaps; but when I got thinking it over again, I thought maybe you had slipped it over me.

The WITNESS: Mr. Bryce, I assure you there was no attempt made to slip it over you.

Mr. BRYCE: No, I know there was not. But that is how I felt after your arguments.

The WITNESS: We will operate this quota system, because after all it is the farmers' quota system, to make for the most efficient operation. But I am saying to you that if you throw this open so a man has the choice between one delivery point and another, where are you going to draw the line? Are you going to make it a mile apart, two miles apart or five miles apart? You are going to find a lot of dissatisfaction. That is my judgment. You may not agree with me, but at least that is my opinion on the matter.

The CHAIRMAN: Well, there is a better illustration, if you want an illustration from Macdonald constituency, since you have taken one from there. Take the town of Rosebank where there are two elevators. Next to that there is a siding at Morden where there is only one elevator. The Morden elevator handles more grain than the two elevators at Rosebank and continues to do so. So the illustration, I think, works both ways. Are there any further questions?

By Mr. Fair:

Q. Was any difficulty experienced last year in taking care of the tough and damp grains in the different sections?—A. No, Mr. Fair. That was all taken care of.

The CHAIRMAN: Shall we proceed to the next heading?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: That is "Handling of the year end position" on page 10. What are the questions you have in mind with respect to this item? That just deals with the quotas and the deliveries that were made. Is that not right, Mr. McIvor?

The WITNESS: Yes. That was the cleaning-up of the deliveries.

Mr. WARD: That is pretty well water under the bridge, anyway.

By Mr. Perley:

Q. How much grain do you estimate of the 1942 crop is undelivered?—

A. Of the 1942 crop?

Q. Yes.—A. I do not know. All I know is that a man can deliver all his wheat now. Just how much will be held back, I have not the faintest idea.

Q. Do you think there are many farmers holding back on account of the price and the income tax business?—A. Well, we hear of quite a few holding back.

The CHAIRMAN: He even told us this morning, Mr. Perley, that some of them did not want to accept their cheque in payment of the participation certificate.

By Mr. Fair:

Q. Have you any estimate as to the amount of the crop left on the farms?—

A. Yes. As soon as Mr. Davidson comes back, we will get that information.

The CHAIRMAN: Order, please, gentlemen.

The WITNESS: I would say, Mr. Fair, that in view of crop prospects, our deliveries of wheat in the month of July should be very heavy.

The CHAIRMAN: Are there any further questions with respect to handling?

Some hon. MEMBERS: Carried.

The CHAIRMAN: Then we go on to "Transportation" on page 11. Are there any questions with respect to transportation?

By Mr. Perley:

Q. This section includes the placing of cars or the allotment of cars, does it?—A. Yes. I suppose it could come under that heading, Mr. Perley.

Q. Is there any other section?—A. No.

Q. How about complaints as to allotment by the pools and so on?—

A. We had, strangely enough, complaints from both sides, as you probably know, because I understand there was some correspondence sent down here on the subject from the other side. Now the car situation is that the farmer has his full rights under the Canada Grain Act.

Q. The situation now is that pool members have the right to deliver to the pool?—A. Yes. They have their full rights under the Canada Grain Act.

By the Chairman:

Q. Having reference to this quota or to this car-delivery program, was that worked out by the Wheat Board and administered by the Wheat Board for the crop year we are discussing at the present time?—A. Yes.

Q. And you followed a similar policy during the 1943-44 crop year?—A. No.

Q. Up until recently?—A. No. In the early part of the crop year 1943-44 the cars were distributed at country points on the basis of the permanent storage facilities. In October that system was changed and it was based on the two-year period prior to the war, the last two-year period.

Q. That would be 1938-1939?—A. That was done in October.

By Mr. Perley:

Q. Have any representations been made by the pools?—A. Yes. There were representations made by the pools, there were representations made by the elevator companies, and there were a number of representations made. The

judgment of the board at the time was that if you took the base period, having in mind the amount of business that was done, without restriction, you would arrive at as fair a basis as possible. I might say that the other companies objected strenuously to that procedure; not all of them, but the bulk of the other companies. However, we did say at the time we issued our statement in October that, just as soon as it was humanly possible, the farmer's rights under the Canada Grain Act would be returned to him; and after consultation with the various interests involved, including the pools and other elevator companies, those rights were returned on the 5th of May.

By the Chairman:

Q. This year?—A. This year. So that now the cars are handled under the Canada Grain Act.

By Mr. McNevin:

Q. In connection with the allocation of cars, for the August-September period I see 34,384 wheat cars and 36,233 coarse grain cars. Have you any information as to whether that would be an abnormal situation as to the division.—A. Yes. That is a very abnormal situation. Ordinarily the ratio between coarse grain and wheat would be about 25 per cent to 75 per cent. But due to the large demand for feed grains there was a substantial quantity of coarse grain shipped.

By the Chairman:

Q. Mr. McIvor, this allocation of cars between the different elevator companies and between the different points was perhaps as provocative a feature of the policy as any that the board was faced with. You have had experience for two years regarding this matter. I was wondering if you would be in a position to say to the committee what your reaction is with respect to future policy in the same regard?—A. I would say to the committee that it would take a great deal, as far as I am concerned, speaking personally—and I do not want to speak for the other two members of the board—before I would be willing to agree to going back to any system of allocation. As far as I am concerned, I hope we will be able to carry on with the present position indefinitely.

By Mr. Perley:

Q. Under the Canada Grain Act?—A. Yes.

By The Chairman:

Q. That would place the responsibility largely with the Board of Grain Commissioners.—A. Well, what responsibility there is. The rights are clearly defined in the Canada Grain Act.

By Mr. Fair:

Q. Mr. Chairman, I feel that a system of car allocation for a while was very unfair. At my particular shipping point we had six elevators, and more than 50 per cent of the farmers in that area belonged to the wheat pool and wanted to deliver there; but because of conditions that were imposed—and I understand the reason for those conditions, or part of the reason anyway—a number of those were compelled to deliver to the line elevator companies. So that while 50 per cent should have delivered to the pool elevators, quite a percentage were compelled to deliver to elevators which they did not want to patronize. For that reason there was quite a lot of dissension around that part of the country. I think the same thing existed all over my province, where some 51 per cent, I believe, joined the wheat pools in the earlier years and are still members of it.—A. I admit it was a highly contraversial and difficult matter to handle.

Q. If that condition should come back again—I am not hoping it will come back—but I would like to see the rights and interests of the farmer protected in the allocation of cars.

Mr. PERLEY: They are filling up a little more elevator space in Fort William, that is the only difference. The elevators were permitted to fill up. Take the case that Mr. Fair spoke of with respect to the pools, they do nearly 50 per cent of the business and they would have nearly 40 odd per cent of the farmers in an ordinary year. Some of the other fellows never handled more than 15,000 or 20,000 bushels a year and they were permitted to fill up and they got their cars. Had the system of allotment of cars been carried out as under the Canada Grain Act they would have filled up the terminal facilities rather than fill up the space of the five elevators there and allow them to remain full.

The WITNESS: Of course, I could take an hour discussing this car problem to put up all sides to the committee, but all I say is that to-day we have reached the place where everybody wants to reach in regard to the handling of cars, and frankly we hope as a board we will never have to return to any system of allocation.

The CHAIRMAN: Well, I hope you will not. May we pass on to the next section, "transportation". I presume there is not much you can do about that; that has to do with the railways. Perhaps we could go to the paragraph of page 14: "Special Authorizations".

By Mr. Wright:

Q. What authority has the board to go to the Board of Railway Commissioners and obtain special consideration with respect to cars? Do you go to the Board of Railway Commissioners to get a certain amount of grain moved out at certain times when that is needed at the head of the lakes? How do you do that? Do you go through the government or direct to the railways? How do you make your representations?—A. The board has all the authority with regard to the moving of grain in western Canada.

Q. But have you the authority to demand that the railway companies place so many cars at your disposal?—A. We have very wide powers, but we work that arrangement out through co-operation with the Transport Controller. As I said, we do not need to control the railways. We leave it to them. They can run the railways better than we can. There is a system of co-operation between the Transport Controller and the railways. There is set up in Canada under the Minister of Trade and Commerce a committee known as the Emergency Grain Transportation Committee.

Q. Who are on that committee?—A. Mr. T. C. Lockwood, the Transport Controller, is the chairman. There are two representatives, one from each railway; there is Mr. Shaw of the Agricultural Supplies Board who is a member, and I am a member. We have a meeting probably once a month when we discuss the various problems with which we are concerned, and we put before the committee what we consider to be our requirements in the form of railway cars and our objectives, and the railways decide whether they can meet the objectives or not, and how many cars they can take out of other carriage of goods and put them into grain carriage. All matters regarding grain are handled through the Grain Transportation Committee.

The CHAIRMAN: Shall we pass the matter of special authorization? Are there any comments with respect to the special authorization provision? This would have to do with the handling of out of condition grain.

The WITNESS: That is right.

The CHAIRMAN: May I ask how extensive and how successful was the policy of allowing the exchange of out of condition grain and taking back grain that was in condition so that a man could save grain that was out of condition?

The WITNESS: Mr. Chairman, it was a very small amount, but I think I can say to the committee that the system that was followed in regard to out of condition grain worked very well. In other words, we have not heard of very substantial losses on the farms. We have done our very best even during the time of short car supply to provide cars for out of condition wheat. Mr. Davidson points out that during this period there were about 60,000,000 bushels of wheat feed on farms, which undoubtedly disposed of a lot of the off grade out of condition wheat.

The CHAIRMAN: This grain that was threshed in the spring turned out to be in much better condition than was anticipated?

The WITNESS: Yes.

The CHAIRMAN: What about the malting barley item? Is there any question there? Then let us take Durum wheat. I think Mr. Ross had some comments to make with respect to Durum wheat.

Mr. PERLEY: There is more of it grown in your country than in most parts.

The CHAIRMAN: Mr. Ross, did you ask some question with respect to special authorization or Durum wheat?

Mr. ROSS (*Souris*): I did last year. I forget what the details were.

The CHAIRMAN: This proviso, as I understand, permits the delivery of Durum wheat over and above the regular quota. Was that purely from the standpoint of a demand for Durum wheat for macaroni purposes?

Mr. ROSS (*Souris*): That is what I had in mind. Was that all for local demand?

The WITNESS: No, there was at that time quite a demand for Durum wheat from the United Kingdom for blending purposes. That demand has fallen off due to the very large production that they had last year and they are using more of their own wheat. At that time they were taking a considerable quantity of Durum wheat for blending with spring wheats.

By Mr. Ross (Souris):

Q. Would some of that go over there through mutual aid?—A. That was before mutual aid came into being; it would go under the gift.

Q. I had a return brought down showing the number of macaroni plants in Canada and also the amount of Durum wheat that has been exported. They did not add up to create the demand which was given here?—A. If you will remember, at that time meat rationing went into effect and it was felt there would be considerably more demand for Durum products in Canada, which there was.

Q. In Canada?—A. Yes.

Q. With regard to this demand for Durum wheat in Canada, from what period was that?—A. That was from March, 1943, to July 31, 1943—four months.

Q. You say that this was for the making of macaroni in Canada at that time?—A. It was a combination of the making of macaroni in Canada and some little demand, as I recall it, from Switzerland, and quite a fair demand from the United Kingdom.

Q. You would not know, approximately, how much?—A. No, our stocks of macaroni in store were getting small.

Q. But we have a limited capacity, and the amount which we could manufacture in the twelve months period in Canada—I forget now, but I think the capacity of output is not very great in Canada, is it?—A. No.

Q. It is much less than this demand?—A. That is true. It was a combination of all these factors.

Q. I have not got the material before me now, but as I recall the total capacity we had for making macaroni in Canada coupled with the entire exports for the year did not create nearly this demand. That is the question I had in mind.—A. I could not say offhand.

Mr. GOLDING: What do you estimate was the production of this Wheat?

Mr. DAVIDSON: There was another 2,000,000 bushels to come in, 1,000,000 in Saskatchewan and 1,000,000 in Manitoba. Earlier in the year the Durum wheat crop had been over-estimated in 1943, and it was quite obvious when we got down toward the latter part of the crop year that we were not going to have as much Durum as we suspected earlier in the season, and our markets gradually widened in the last four or five months of the crop year, and we had much smaller supplies than we expected.

Mr. GOLDING: What was your production of this Durum wheat in 1942?

Mr. DAVIDSON: In 1942? I have not got the figures with me.

The CHAIRMAN: For the present crop year was the Durum under the quota system?

Mr. DAVIDSON: Yes.

The CHAIRMAN: They took so much per authorized acre?

Mr. DAVIDSON: As of the 1st of August.

The CHAIRMAN: Are there any other questions with respect to Durum Wheat?

Mr. ROSS (*Souris*): I suppose it would not be in order to ask what the possibilities are for Durum demand at this stage. I realize that it is beyond this report, but I think the board did issue some report last spring for the guidance of the farmers regarding growing Durum wheat.

The WITNESS: It does not look very hopeful now, although if certain countries were liberated the position could change overnight.

Mr. ROSS (*Souris*): There would be a larger demand?

The WITNESS: Yes, based on the position at the moment.

Mr. ROSS (*Souris*): Apart from that it does not look as though there will be any appreciable demand at all?

The WITNESS: No.

The CHAIRMAN: Mr. McIvor said earlier that Great Britain's own production offset much of the increase of Durum in this country. Now, can we proceed with the matter respecting deliveries of those who joined the armed forces. That is on page 15. This means that those who joined the armed services were allowed to deliver their full production of grain to the board; is not that correct?

The WITNESS: No, that is not correct.

Mr. DAVIDSON: In that item the permit holder who had delivered, say, up to fourteen bushels an acre and still had a balance of wheat—that is his own share of the crop—was given an over-delivery privilege up to the balance of his share of the wheat grown on the land.

Mr. PERLEY: How about 1943?

The WITNESS: The arrangement was announced early this year, and in view of the fact that the deliveries were all going to be opened up they were all put through as they came in. There was no restriction on them. At the present time it is wide open.

The CHAIRMAN: The next item has to do with the Pacific coast, loadings and unloadings.

Mr. PERLEY: Where did most of that wheat go?

The WITNESS: There has been a big pick-up in the Pacific coast business since this report was written or dated, mostly Commodity Credit Corporation wheat to California and Oregon for feed. This wheat that is referred to in this report went to the United Kingdom largely in ships that were being built at Vancouver and went over with wheat cargoes.

The CHAIRMAN: Are there any further comments with respect to the Pacific coast? If not let us take "Churchill."

By Mr. Perley:

Q. Does the wheat board own all that wheat?—A. Yes. I would like to say with regard to Churchill that after this report was written we sold about three-quarters of a million bushels of wheat out of Churchill. That was carried on boats that belong to the United States army which were in Churchill on another job. That wheat was carried out through Hudson bay and delivered for feed in New England—about 750,000 bushels.

Q. What is the total storage there now?—A. The total storage there now is 1,877,000 bushels and the capacity is two and a half million bushels.

By Mr. Wright:

Q. Was there any difficulty with regard to the quality of the wheat in storage there?—A. No.

Q. It did not deteriorate?—A. Not that I heard of.

By Mr. Fair:

Q. The mites are all dead, are they?—A. Our Canadian wheat is very hardy. When I was in England recently I was told of some wheat that had been stored in Manchester for three or four years. The place where the wheat was stored was bombed. It was a reserve stock, and it was used and the miller who used it told me that the quality was just as good as the day it had gone in there.

Q. That is Canadian wheat?—A. Yes.

Q. There is not the trouble with mites that we have had in the past?—A. No, I have not heard of any, Mr. Fair.

The CHAIRMAN: Then, London office is next.

By Mr. Perley:

Q. Mr. McIvor, did you outline this morning the main functions of this office?—A. No, it was not discussed this morning. Up until the time, of course, of the writing of this report the London office, as I have stated at previous committee meetings, would carry on any negotiations in regard to the sale of futures. When the market was closed on the 27th of September the price of wheat to the United Kingdom under mutual aid was \$1.25 plus the cost of getting it to the seaboard. The London office to-day are quite busily engaged in working with the Import Cereals Division with regard to the amount of wheat that is needed from month to month, and the availability of shipping, and matters of that nature.

Q. Mr. McIvor, in the monthly statement put out by the minister as to the United Kingdom office the last chart shows that Canadian seaboard wheat was selling at about \$1.45, from \$1.43 to \$1.45. What function would this office have as to the price at Canadian seaboard?—A. This office does not deal in the day to day transactions with the Ministry of Food. The wheat is all handled by exporters as it has been in the past under agreement with the exporters. They make offers to the Import Cereals Division after they are notified as to the availability of ships, but the London office to-day largely acts as a liaison

officer in respect to the quantities that are needed so that we can get proper grades and quantities down to the seaboard, also shipping, when the shipping will come in, and all matters of that nature.

Q. Is that seaboard price based at all on the price at Liverpool?—A. No, the seaboard price of Canadian wheat is \$1.25 plus the cost of moving the wheat to the seaboard.

Q. The Liverpool price has nothing to do with it?—A. There is no open market at Liverpool now.

Q. There are quotations?—A. There may be, but the quotations in Liverpool could only be a reflection of the price at the Canadian seaboard plus the cost of getting the wheat over to Liverpool. There is a monopoly in the handling of wheat in England just as there is in this country.

Q. I see this report says, "United Kingdom offers". What do they mean by that?—A. They mean offers that are made to the Import Cereals Division, f.o.b. steamer at the seaboard.

By Mr. Wright:

Q. I understood you to say that the exporters handle the wheat from the head of the lakes?—A. That is right.

Q. They handle it for the British importers?—A. They handle it for us to the seaboard.

Q. You make the transfer of ownership at the seaboard rather than at the head of the lakes?—A. They act more or less as trustees. They move the wheat from the lakehead down to the seaboard and the transfer of ownership is made at the seaboard.

Q. I suppose they operate on a premium basis?—A. Commission.

Q. A straight commission basis?—A. Yes.

By Mr. Bryce:

Q. Is there a standard price from the lakes to the seaboard?—A. Yes, the costs are all fixed.

By Mr. Wright:

Q. What are those?—A. I have not them here. I will get that for you before the committee adjourns.

The CHAIRMAN: Are there any further questions.

The WITNESS: Excuse me just a minute; I may be able to give them to you right now.

By Mr. Wright:

Q. I was just wondering why the board did not do that business themselves, why they used exporters? Is it more convenient to use them?—A. The whole situation in that regard is this, that it is entirely a question of policy. The policy that was followed during the last war was that the exporters were used. Importers are being used in Great Britain by the Ministry of Food. While physically the board could handle this themselves we would probably come to the end of the war and find that such a thing as a grain exporter did not exist.

Q. It might be a good thing.—A. It might be a bad thing, Mr. Wright. That again is a matter of opinion.

Q. It is a matter of whether the importing country wish to continue to buy their grain in the manner they are doing it now or whether they intend to change?—A. That is all involved in this question. There is no doubt about that.

Mr. PERLEY: Mr. Chairman, are we through with that section?

The CHAIRMAN: I thought perhaps there was an answer to Mr. Bryce's question.

The WITNESS: I will see if I can find the information here.

The CHAIRMAN: Mr. Perley, did you have a couple of questions you wanted information on?

Mr. PERLEY: Mr. Chairman, I was going to suggest that it has been a pretty long day. I have to be in another place—I suppose that is parliamentary—in a few minutes.

Mr. MACDIARMID: I will second that motion.

Mr. PERLEY: I would suggest we adjourn. I think we have had a pretty long day.

Mr. MACDIARMID: I will second that motion.

The CHAIRMAN: Can we just get this answer to Mr. Bryce's question?

The WITNESS: I am afraid my filing system is not very good.

The CHAIRMAN: Perhaps we can get that question answered for you to-morrow morning, Mr. Bryce. If it is agreeable will we adjourn until to-morrow morning at 10.30?

The WITNESS: There is one question that Mr. Fair asked about quantities of wheat on the farms. Have you that information, Mr. Davidson?

Mr. DAVIDSON: Yes. From the last survey we made—and we are looking into the situation each month—we expect wheat deliveries for the year of around 305,000,000 bushels with open quotas. That is on June 16th, the last figure I have, and that leaves 51,000,000 still to come forward during the present crop year. That will still leave somewhere between 30,000,000 and 50,000,000 bushels of wheat on the farms.

Mr. WARD: You are speaking of 1942/1943?

Mr. DAVIDSON: No, 1943/1944. On oats we expect deliveries of 136,000,000 which means we have 17,000,000 still to come in and there will be somewhere around 40,000,000 to 50,000,000 bushels of oats on the farms at the end of the crop year. In barley we expect deliveries of 82,000,000 bushels which leaves 6,000,000 to come in before the end of the crop year, and there will be in the neighbourhood of 20,000,000 to 25,000,000 bushels of barley still on the farms.

The CHAIRMAN: That is taking into consideration deliveries that may come from previous crops as well?

Mr. DAVIDSON: That is right. In other words, from June 16th we had approximately 75,000,000 bushels of grain still to move from the farms into the country elevators between June 16th and July 31st.

Mr. HENDERSON: May I ask the inspector if he anticipates there will be transportation for that?

Mr. DAVIDSON: We have the space now to handle all that.

The WITNESS: Mr. Bryce, I will have to get that for you in the morning.

The CHAIRMAN: We will be meeting to-morrow morning in room 268 at half past ten.

The committee adjourned at 5.35 o'clock p.m. to meet again on Wednesday, June 28, 1944, at 10.30 o'clock a.m.

SESSION 1944
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 2

WEDNESDAY, JUNE 28, 1944

Reference
**REPORT OF CANADIAN WHEAT BOARD
FOR CROP YEAR 1942-1943**

WITNESSES:

Mr. George McIvor, Chairman of the Canadian Wheat Board.
Mr. R. C. Findlay, Comptroller of the Canadian Wheat Board.
Mr. C. B. Davidson, Executive Assistant of the Canadian Wheat Board.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 28, 1944.

(4)

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock. Mr. W. G. Weir, the Chairman, presided.

Members present: Messrs. Bryce, Dechene, Dubois, Farr, Furniss, Golding, Henderson, Kirk, Lafontaine, Macdiarmid, MacKenzie, McCuaig, McCubbin, McNevin, Matthews, Mullins, Perley, Rhéaume, Rickard, Ross (*Middlesex East*), Senn, Ward, Whitman and Wright. (26).

In attendance: Mr. R. C. Findlay, Comptroller of the Canadian Wheat Board.

Mr. George H. McIvor was recalled.

As requested, Mr. McIvor, assisted by Mr. C. B. Davidson, supplied answers asked at the previous meeting.

The examination of Mr. McIvor was continued.

Mr. Findlay was called and examined in association with Mr. McIvor respecting the operating and financial summary commencing on page 17, inclusive of Exhibits 1, 2, 3, 4, and 5 of the Report.

Witnesses were retired.

The Committee adjourned at 12.45 until 4 o'clock this day.

AFTERNOON SESSION

(5)

The Committee resumed at 4 o'clock under the chairmanship of Mr. W. G. Weir, the chairman.

Members present: Messrs. Aylesworth, Bertrand (*Prescott*), Black (*Chateauguay-Huntingdon*), Bryce, Cardiff, Clark, Dechene, Fair, Ferron, Golding, Henderson, MacKenzie, McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Matthews, Perley, Rhéaume, Tustin, Ward, Whitman and Wright. (23).

Messrs. McIvor and Findlay were recalled and their examination concluded on Exhibits 6, 7, 8, 9, 10 and 11 of the report of the Canadian Wheat Board.

At the suggestion of Mr. Perley, the Committee agreed that the auditor's certificate should be attached to the financial report of the Canadian Wheat Board.

Mr. C. B. Davidson was recalled and gave comprehensive statistics on various grains. (*See evidence.*)

Mr. McIvor agreed to file with the Clerk of the Committee the auditor's reports of the Board and other agreements, etc. which will be marked Exhibits 1 to 14 inclusive.

On motion of Mr. McCuaig, seconded by Mr. Wright, a vote of appreciation to the witnesses was adopted.

Witnesses were discharged.

At 5.45 p.m., the Committee adjourned at the call of the Chair.

ANTONIO PLOUFFE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

June 28th, 1944.

The Standing Committee on Agriculture and Colonization met this day at 10.30 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, if you will come to order, we will proceed with this morning's meeting.

Perhaps Mr. McIvor has an answer which he wants to give us to questions which were asked yesterday; perhaps it would be better to clear that up first.

Mr. GEORGE McIVOR, recalled.

The WITNESS: As I recall, Mr. Chairman, there were two outstanding questions for to-day's meeting. One was the question of the freight charges from Fort William to seaboard, a question by Mr. Wright. Then there was a question relating to malting barley. As far as I know those were the only two outstanding. Here is a breakdown, if you would like to put it down, Mr. Wright:—

In store Ft. William to C.I.F. Bay—

| | |
|---|---------|
| Lakehead fobbing | 1.604 |
| Lake freight | 3.500 |
| Lake freight chartering and brokerage | .125 |
| Insurance— | |
| Marine | .077625 |
| Outturn | .101125 |
| Strike and Riot | .03375 |
| Bank Charges | .085 |
| | <hr/> |
| | 5.527 |

Those are the charges to the Bay port. Then the wheat must be put on from the bay to seaboard. The freight charges from bay to Montreal are 5·8; rail shrinkage is 1/8th of one per cent, ·169; and the shippers' commission one cent; so that the total charges from the bay to Montreal are 6·969; and the total charges from Fort William to Montreal are 12·496.

Now then to Halifax, Saint John, Portland and Boston: the charges to the bay are the same, as the first table, 5·527; the rail freight to these ports, that is Halifax, Saint John, Portland and Boston is 7·302; rail shrinkage is ·169; adjusting bank charges ·004; the commission is the same as the other one cent; so that the total there is 14·002.

By Mr. Wright:

Q. Is that New York too?—A. New York is higher, I have not the figures to New York. The bulk of our wheat I would say moves either through the St. Lawrence ports, which were the first figures I gave you or Halifax, Saint John, Portland or Boston. I can get you the New York charges

Q. I just wondered what proportion—I thought there was a very large proportion went to New York?—A. The only wheat that is loaded at New York is the wheat which they call broken stowage, that is wheat which makes

up part cargoes; the charges there are higher than at these ports and they are a little more complicated because they have no elevators in New York and it is necessary to use floating facilities, but if you want them—

Mr. WRIGHT: No, I do not think that would be necessary.

The CHAIRMAN: And you have not the other statement ready yet?

The WITNESS: No, the other statement is not yet available.

By Mr. Wright:

Q. I would like to ask Mr. McIvor this question with reference to the figures which he has just given us; there is an item there of local freight brokerage -125; that is I presume the brokerage charges for chartering the boat at the head of the lakes?—A. That is right.

Q. That is done by the export firm?—A. Through the chartering agency.

Q. Through the chartering agency?—A. Yes.

Q. And then there is a one cent commission which goes to the exporters?—A. Yes, for the job of taking the wheat from the lakehead and putting on board the ocean steamer.

Q. And they do not do any physical handling at all, all they do is the paper work with respect to the movement of that wheat from the head of the lakes to the port?—A. You might call it paper work. I do not think that that is quite the correct description.

Q. I would like you to give me just the exact services that they give for that payment?—A. Yes; well, in the first instance, they charter the lake boats through the chartering agency which gets the commission to which I have referred; they move the wheat down to the bay ports and arrange for the unloading in the bay port elevators, then they arrange with the railways to obtain cars to move that wheat from the bay port down to the seaboard. They either have to have their own man or a seaboard agent to arrange to put the wheat on board the boat, to direct the loading of the wheat on board the boat, or appoint someone to do it whom they have to pay, and that comes out of the commission.

Q. They assume no risk whatever for that cent a bushel; there is no shrinkage or anything variable allowed to handling?—A. There is no shrinkage risk, but when you say they assume no risk whatever, that is not correct; if by any chance they do not have the wheat at seaboard to take care of loadings, that is their risk, they will be up against demurrage charges. They must direct the movement from the lakehead to seaboard and assume all responsibility for so doing.

Q. The board could perform that duty themselves if they saw fit to; rather perhaps I should say if the government wanted to adopt that policy?—A. Yes.

Q. It seems to me that 1.125 cents per bushel on 100,000,000 bushels is a lot of money for the services rendered where no risk is undertaken. It is really a bookkeeping function.—A. Oh no, it is not, Mr. Wright, that is not quite fair. I do not think that you would want to leave an unfair impression with the committee. Frankly, it is not just a question of keeping books, it is a question of—

Q. Supervision?—A. Yes—the thing is the wheat is carried from the lakehead to seaboard and put on board the ocean boat. Now, books are kept in order that this transaction is recorded but it is a supervisory job for which they get a cent a bushel.

The CHAIRMAN: If the board did it, it would be necessary to set up an additional organization to handle it?

The WITNESS: We would have to have offices in eastern Canada, and we would have to set up an organization. As to what it would cost to do it, I do not know.

By Mr. Wright:

Q. How do you divide this between the various export firms, on what basis do you divide it between the various export firms?—A. The export companies charter their boats and it is pretty well based on the business that was done previous to taking the wheat over. And now, I do not want you to get the wrong impression. We do not allocate the business strictly; but a firm has the boat or it is able to charter boats; it loads the wheat so that what follows is that practically the same proportion of business is being done as was done previously on the open market basis by each individual company.

Q. And there can be no competition in securing the business, you must allocate it because it is all the same price; I mean, there is no competing on that commission, is there?—A. There is no competing, but there is competition on the obtaining of the boats; and I might say, Mr. Wright, that the co-operative company, the Saskatchewan wheat pool, is one of the largest shippers and they are well up to the top as far as shippers are concerned.

Q. I am not arguing for or against it, I am merely discussing the principle of the board giving this business.—A. I understand, yes.

Q.—to private concerns rather than doing it themselves when they are in the export business as they are to-day.—A. I think we discussed that matter yesterday and I made the statement yesterday as I recall it that if we did not work through the exporters, when you came to the end of the war, there would not be any exporters. As I recall it you made the suggestion that that might be a very good thing and I stated that was a matter of opinion.

The CHAIRMAN: Do the agents who make these arrangements, the ones to whom you referred here, do they carry on any other business besides the grain business in buying loads for boats, in the way of cargoes?

The WITNESS: Oh, yes, they handle coal and iron ore and other materials.

By Mr. McNevin:

Q. In the case of the board if it were decided that they were to undertake the work they would have to have a separate organization to deal with that alone, would they not?—A. Yes; but the point is this, if the wheat board went into the position of supplying wheat for domestic and overseas operations—let us follow it through—it means on this particular question that has been raised by Mr. Wright that the man who ordinarily was engaged in the export business prior to the war would be eliminated; and also it means in regard to domestic business that the wheat board would have to go into the business of supplying every small mill in the country with wheat which would eliminate the primary dealers in Canada. There is a great question of principle involved in this.

By Mr. Wright:

Q. What do you mean by the primary dealers?—A. I mean firms like those in Toronto who supply the mills and the millers in Ontario.

Q. The commission firms and people of that kind?—A. Yes.

Q. I think that could be done directly by the board much cheaper than on the present commission basis. However, that is a matter of opinion.

Mr. GOLDING: Have you got any figures to establish that as being a fact? You may believe that.

Mr. WRIGHT: No, that is the thing which could only be established when the system is checked, whether it would be cheaper for the board to do it or to have it continue under the present system and be done through commission firms.

Mr. WARD: To carry that through to its logical conclusions it would mean that you would eliminate all small farmers throughout the country because of the well known fact that you can grow wheat cheaper on a 2,000-acre farm than you can on a 200-acre farm.

Mr. WRIGHT: Now you are carrying it to the ridiculous.

Mr. WARD: Not at all, I am just carrying it through to its logical conclusion.

Mr. GOLDING: Yes, but the point is that on a good many of these things we may have the idea that they could be done cheaper some other way but we haven't any information on which to go which will enable us to say definitely that that will be so.

The CHAIRMAN: Now, gentlemen, I think perhaps we are getting a little away from the discussion of the report. I believe the information sought has been secured. Perhaps we could come back to the board's report that we have before us. We are dealing now I think with the London office; are there any further questions in connection with the London office?

By the Chairman:

Q. Then, proceeding to page 10, the advisory committee: how many meetings were held last year of that advisory committee, Mr. McIvor?—A. It would be either four or five, Mr. Chairman.

The CHAIRMAN: We will proceed to the item under that, the legal department.

Mr. WARD: You covered that yesterday.

The WITNESS: Yes, I think that we pretty well covered that unless there are any further questions on it, Mr. Ward.

Mr. FAIR: May I ask whether were fewer prosecutions this year than last?

The WITNESS: If you will look at last year's report—I think the number was indicated in last year's report.

Mr. DAVIDSON: You are speaking of this year?

Mr. FAIR: The 1943-44 crop year.

The WITNESS: Yes, I think they are less.

By Mr. Wright:

Q. Over-delivery of wheat is an object of prosecution?—A. Yes.

Q. And these prosecutions were all over-deliveries of wheat?—A. Practically all, Mr. Wright; I do not think there were any prior to July 31st, 1943, for anything other than over-deliveries.

Q. What is the position of the board with respect to the action being taken against Mr. Oatway?—A. I do not think it would be ethical for me to discuss that matter as it is now still before the courts.

The CHAIRMAN: Yes, I suppose it is still subjudice.

The WITNESS: Yes, I am afraid I will have to forego discussion of the case.

Mr. WRIGHT: It is still before the courts?

The WITNESS: Yes, the appeal court have not handed down their findings.

Mr. WRIGHT: Well, that is all I wanted to know.

The CHAIRMAN: If the committee were interested in the case and wanted a statement I do not suppose there would be any objection in Mr. McIvor stating to the committee just exactly what had transpired so far as this particular item is concerned.

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

The CHAIRMAN: I do not think that makes any difference, the general principle of what has taken place so far as Mr. Oatway is concerned.

Mr. WRIGHT: I will let you have it.

The CHAIRMAN: Without giving any particulars as to what is involved in the matter or anything of that character I think it would be in order for Mr. McIvor to state just what has transpired and the action the board has taken with respect to it, and then to consider the matter as being still subjudice.

Mr. McCUAIG: We should not discuss anything that has a bearing on the principle involved.

The WITNESS: I have very grave doubts about the propriety of discussing it. I do not want to insist on that point. But after all, the matter is now in the hands of the courts and I would not like anything I say in regard to it printed.

The CHAIRMAN: I do not think Mr. McIvor should be expected to pass any opinion as regards the action taken or anything of that character, on the other hand certain publicity has been given to it in the press, namely that an action was taken by Mr. Oatway against the Canadian Wheat Board.

Mr. PERLEY: Mr. Chairman, have you been discussing this case or is this matter one that has just come up?

The CHAIRMAN: It has just come up, Mr. Perley, and at the present time we are discussing the matter of whether or not we should discuss here in this committee a matter which is now before the courts.

Mr. PERLEY: I was going to ask Mr. McIvor if he would make a statement as to the present position of the case, or as to the stage it had reached.

The WITNESS: Mr. Chairman, I feel that I should telephone our solicitor in regard to the matter. I do not know how he will feel. This matter is now before the courts. Now, Mr. Chairman and Mr. Perley, you are familiar with the case, you have no doubt read about it in the newspapers, and I could not add anything to what has been said in the press.

Mr. MACKENZIE: It is quite evident that some of the gentlemen here have not seen the papers and the reports of the case, otherwise they would not be asking about it.

The CHAIRMAN: Perhaps, gentlemen, we better leave it this way, that Mr. McIvor should ask his solicitor what statement he might ethically make in respect to the case. He can get that advice and then come back here at a later date and act accordingly.

The WITNESS: That is satisfactory with me.

By Mr. Perley:

Q. Has the fact that this action has been taken against the board affected the payment of any participation certificates or anything like that?—A. No.

Q. Not at all?—A. No.

Q. Has it been heard in the preliminary and supreme courts both?

The CHAIRMAN: You are getting right back to the point we had under discussion.

The WITNESS: You are now asking questions about the decision itself. As to my position, I am quite willing to communicate with our counsel and ask him what I should do in the matter. I am not a lawyer, so I do not know.

Mr. PERLEY: But it has been argued before the supreme court in Manitoba?

The WITNESS: Well, you have that information.

The CHAIRMAN: I think we better have Mr. McIvor find out just what kind of a statement he should give to the committee in regard to this matter.

The WITNESS: I will have a statement prepared based on the advice of our solicitor, Mr. Chairman.

Mr. PERLEY: Now, Mr. Chairman, if you will be good enough to excuse me; my motion is coming up in the other committee and I feel that it is my duty to be there. I am sorry that I cannot be in two places at once. I had thought there were the two meetings were both here I might attend both. If no discussion takes place on my motion I may be able to get back.

The CHAIRMAN: You will note that we got this meeting on the same floor as the other committee.

Mr. PERLEY: Yes, and I want to thank you for that; if Mr. McGeer and Mr. Slight go on, I just spoke to them a few minutes ago or there will be quite a lengthy discussion.

The CHAIRMAN: Now, that completes the report with the exception of staff changes, brings us up to the operating and financial summary. Are there any other questions you want to ask Mr. McIvor of a general character as far as this whole statement which he presented to us yesterday is concerned. I do not want to hurry the committee on, if there is anything on which they would like to have more information.

By the Chairman:

Q. Mr. McIvor, I was wondering if you would prepare for the committee a statement indicating the carry-overs that existed at the end of July, 1943; then after that the new crop, both for wheat, oats and barley; just the indication of the amount of supplies this country had on hand; and then deduct from that the disappearances and the various ways they have disappeared, merely as an indication of the amount of wheat that has gone into consumption in various ways through this crop year, the amount of all grains in Canada.—
A. Yes, Mr. Chairman.

Q. I think perhaps it would be a rather valuable statement for the committee to have.—A. We could prepare that statement for you, Mr. Chairman.

Q. There is one other question I thought perhaps the committee might be interested in; I do not know whether you are in a position to deal with it or not; I would not want you to say anything that should not be said with respect to it; and it is in connection with what they call this combined food board set up in Washington?—A. Yes.

Q. Is Canada a part of that combined food board?—A. Yes.

Q. Would you care to make a statement in a general way to what the function of that board might be and how it operates?—A. The combined food board in Washington, the constituents of that board are Great Britain, United States and Canada. Now, there are other countries who participate in the discussions but the full membership of the board is confined to these three countries. The board itself is composed first of all of what might be termed top level men of which Dr. Barton, the Deputy Minister of Agriculture, is Chairman. The work of the board is delegated to committees. I happen to be the chairman of the Cereals Committee of the combined food board which is responsible for the distribution of flour, wheat and feedstuffs. The purpose of the board is to allocate supplies; for example, shortly after Sicily and southern Italy were liberated the board was given the job of directing supplies to those areas of wheat and flour.

Mr. WRIGHT: Through AMGOT?

The WITNESS: The idea behind the board is one of allocating supplies having in mind the most efficient movement of those supplies. For example, without that kind of organization you might have Australia, Canada and the United States perhaps all endeavouring to supply southern Italy and you would have a duplication of supplies. We obtain from AMGOT information as to the requirements, the monthly requirements, then we proceed to allocate these supplies from various countries. The allocation naturally is based on the availability of shipping. Shipping is controlled to-day, directly controlled by two organizations, War Shipping Administration of the United States and the British Ministry of Shipping in the United Kingdom. The committee work very closely with the representatives of both these groups, and in the allocation of supplies the situation must be taken into account. In other words, it would be valueless to allocate supplies from Australia if shipping were not available to move those supplies. So far I think I can say the work of the committee has proceeded very smoothly. We meet once a month in Wash-

ington. Unfortunately I cannot be there full time and we have sent Mr. MacNamara formerly with our staff and prior to that he was with the Saskatchewan pool to Washington. He will act in a dual capacity. He will be there as liaison man for our board, and in addition he will work with the various committees during the time that I am absent. I think, Mr. Chairman, that is about all I can say. I do not think the committee should ask me to deal with the allocations themselves because there are certain secrecies involved in that work; but in a general way that is the character of the committee.

The CHAIRMAN: I would not expect you to deal with anything else.

By Mr. Wright:

Q. Could you give us any information; or, could you tell us whether this wheat is taken from the pool set up by the United Nations?—A. There is no attempt on the part of the committee to interfere with the movement of grain within the various countries constituting the committee. The allocations are set down as to how supplies are to be forwarded; and that is a matter within the countries themselves who are the suppliers.

Q. Do you supply wheat say to India?—A. We have allocated certain quantities of wheat to India.

Q. Not only the countries that are being taken back?—A. No, it is a world allocation position.

Q. Would you care to tell the committee under what circumstances the wheat is sold; is it lend-lease, gift or what?—A. Well, I want to make it clear that this committee does not interfere with the internal arrangements of each constituent country. Our job is merely the job of allocation. And now, for example, we have allocated certain supplies to the United States from this country. These supplies in the first instance were allocated by that committee. Those supplies are sold—that is a matter which was brought up yesterday in our discussions.

By Mr. MacKenzie:

Q. I would like to get this clear, because I was not here before; in the allocation of this wheat is it from the wheat that was taken over by the closing of the exchange a year ago, or is it 1943 crop?—A. It is both. In the allocation of wheat to Britain, this wheat was from the crown account. In the allocation of the wheat to the United States, that is wheat from the 1943-44 crop. This is merely a safeguard, the allocation of each country of the required wheat, or wheat which they say they will require; they put forward their requirements to the committee and they are dealt with by the committee, and the allocations are made having in mind the availability of shipping and all other factors that enter into the situation.

By Mr. Wright:

Q. You have the authority then to say to the United States, say they ask for a certain amount of wheat for feed purposes, your committee would have the authority to reduce the amount that they took to the amount that you thought fit for them to have?—A. Yes, we could recommend such action. Primarily, our committee is a committee of the United States, Great Britain and Canada.

Q. I can understand that, I just wondered if you had that authority?—A. Yes, we have.

Q. That is quite an authority?—A. I think it is.

The CHAIRMAN: Now, if there are no further questions on the general statement; and I might say that I am quite surprised to find there are not more, we will turn over and deal with the operating and financial summary. I do not know just how to proceed in that regard, Mr. Findlay the Comptroller of the report is here and can proceed to deal with any statement which you wish

to have explained. Perhaps the best thing to do would be to turn to page 17 and take the operating and financial summary and have Mr. Findlay, Mr. McIvor or anyone else answer any questions that might come up in the minds of any of the members of the committee. Is it the pleasure of the committee to proceed in that manner?

Some Hon. MEMBERS: Agreed.

Mr. R. C. FINDLAY, *Comptroller of the Canadian Wheat Board, called.*

The CHAIRMAN: I have much pleasure in calling upon Mr. Findlay to come up to the table with the rest of us, and in introducing him to the committee. I think he is known to most of you because he has appeared before us here on numerous occasions.

Turning now to page 17, gentlemen, the operating and financial summary; is there any information which you wish to have in respect to that statement?

By Mr. Golding:

Q. I see at the top of the page there that you still have in the unsold position an amount of approximately 244,500,000 bushels of the 1939, 1940, 1941 crop seasons and special account P.C. 1803.—A. What page are you on?

Q. That is at the top of page 17; there would be wheat outstanding besides that which the board would have to deal with?—A. Well, if you will go on over to page 23 you will find one combined statement there that gives you all of the crops. That statement would give you the unsold position at the end of each month.

By Mr. MacKenzie:

Q. That takes in the 1942 crop as well?—A. Yes, that is combined, all crops.

The CHAIRMAN: We are getting into the 1943-44 crop year now.

Mr. MACKENZIE: Yes.

By Mr. Wright:

Q. Is this a statement of what the board took over when you took over all the wheat?—A. You mean in September, on September 27th?

Q. Yes.—A. No.

The CHAIRMAN: No, this is a year earlier, this is the year before?

The WITNESS: Yes, up to July 31st.

The CHAIRMAN: That was before that action was taken.

Mr. WRIGHT: And this statement just gives up to July of that year, does it?

The WITNESS: This gives the July, yes.

The CHAIRMAN: Now, is it the wish of the committee to have this statement on operating and financial summary read or are you prepared to accept it as it stands. I think perhaps the operating and financial summary gives us a pretty general picture of the operation and it probably should be read into the record; so I am going to suggest to Mr. Findlay that he read it now, if he will.

The WITNESS: I will be very glad to, Mr. Chairman.

OPERATING AND FINANCIAL SUMMARY

During the year under review the board continued its operations with an unsold position of approximately 244,500,000 bushels of the 1939, 1940, 1941 crop seasons and Special Account P.C. 1803. By reason of the unusual conditions prevailing, over 77,000,000 bushels of this total were still in country elevators,

divided almost evenly between the 1940 and 1941 crops. Approximately 168,000,000 bushels of the wheat delivered by producers from the 1942 crop were marketed through the board, and during the period the operations of the 1939 crop season and Special Account P.C. 1803 were finalized.

In addition to wheat and its problems, the board continued to control, handle and market flaxseed under authority of Order in Council P.C. 1800, and took delivery of all soybeans offered to the board by producers—Order in Council P.C. 2799. Acting under authority of Order in Council P.C. 1801 the board purchased and sold oats and barley futures and cash grain, as required, for the purpose previously referred to in this report.

Acting on behalf of the Wartime Prices and Trade board and the Department of Finance, the board also undertook the responsibility for payment of drawback claims from flour millers and other processors of wheat for human consumption in Canada, and beginning toward the latter part of its fiscal period the board assumed responsibility, at the request of the Oils and Fats Administrator, for the purchase, sale and shipment of linseed oil for export. The profit resulting from the latter operations is reflected in the statement covering flaxseed.

Because of having to maintain each grade of wheat as a separate "pool", and with the manifold other accounts administered by the board, the accounting problems may be appreciated. They have been and are numerous, complex and varied.

Since the market price of Ontario Winter Wheat of No. 1 grades at country points remained throughout the season at over 95 cents per bushel basis export rail freight to Montreal, no deliveries were made to the board—Order in Council P.C. 4223.

The following tables show the position of the 1942, 1941, 1940 and 1939 crops and Special Account P.C. 1803, together with a table of the position of the three crops open as at the date of the balance sheet.

WESTERN DIVISION

1942 Crop

Deliveries by producers to agents of the board, by provinces, were as follows:—

| | Northern (Red Spring) Wheat | Garnet Wheat | Durum Wheat | Other Wheats | Total |
|--------------------|-----------------------------------|-------------------|-------------------|----------------------|------------------------|
| Manitoba | 19,601,622-50 | | 275,943-35 | 68,530-10 | 19,946,096-35 |
| Saskatchewan | 84,826,079-10 | 9,392-50 | 71,501-00 | 8,361,191-50 | 93,268,164-50 |
| Alberta | 43,720,942-20 | 370,299-30 | 1,637-40 | 10,199,390-50 | 54,292,270-20 |
| | <u>148,148,644-20</u> | <u>379,692-20</u> | <u>349,082-15</u> | <u>18,629,112-50</u> | <u>167,506,531-45*</u> |

* 82,359,051-55 bushels of the above deliveries were in store country elevators, not yet delivered to the Board.

The ultimate disposition of the 167,506,531-45 bushels of wheat received by the Board from producers was as follows:—

| | |
|-----------------------|--|
| 58,188,886-10 | bushels were shipped to Fort William/Port Arthur |
| 1,769,407-35 | “ “ “ “ Vancouver |
| 23,919,698-25 | “ “ “ “ Interior terminals and mills |
| 1,269,487-40 | “ “ sold at country elevators |
| 85,147,479-50 | |
| * 82,359,051-55 | “ in store country elevators, not yet delivered |
| <u>167,506,531-45</u> | |

* In addition to the above figure, 18,340,937-35 bushels of the 1940 crop and 20,583,576-10 bushels of the 1941 crop were still in country elevators, not yet delivered.

Deliveries by producers to the board, as reported by the board's agents; net sales and unsold stocks held by the board at the end of each month, are shown in the following table:—

| | Deliveries to the Board by Producers | Net Sales of 1942 Crop by the Board | Balance of 1942 Crop Held by the Board at end of month |
|---------------------|--|---|---|
| 1942— | | | |
| August | | * 44,999,738-20 | (44,999,738-20) |
| September | 22,435,504-50 | 32,954-15 | (22,597,187-45) |
| October | 56,744,169-25 | 141,830-00 | 34,005,151-40 |
| November | 32,792,785-50 | 410,944-55 | 66,386,992-35 |
| December | 25,856,661-40 | 889,014-55 | 91,354,639-20 |
| 1943— | | | |
| January | 13,687,357-55 | 1,198,255-55 | 103,843,741-20 |
| February | 9,066,969-50 | 612,670-50 | 112,298,040-20 |
| March | 6,590,663-40 | 396,673-35 | 118,492,030-25 |
| April | 101,654-05 | 900,821-15 | 117,692,863-15 |
| May | 65,776-20 | 814,118-05 | 116,944,521-30 |
| June | 83,972-25 | **22,154,298-05 | 94,874,195-50 |
| July | 81,015-45 | 5,658,945-35 | 89,296,266-00 |
| Total for Year..... | 167,506,531-45 | 78,210,265-45 | |

* Included in this figure is a quantity of 45,000,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942. This figure was shown in our previous Report as 59,400,000 bushels. The reason for the variations is given in the following paragraphs. The small variation between this adjustment and the sales figure above represents the difference between cash wheat sales and futures exchanged.

"As mentioned elsewhere in this Report, a sale of 40,000,000 bushels of wheat futures was made to the United Kingdom on June 8th, 1943, 17,400,000 bushels of which are included in the June sales above. The balance of 22,600,000 bushels was allocated as follows: 16,800,000 bushels to the 1940 crop and 5,800,000 bushels to the 1941 crop.

By Mr. Ward:

Q. I see 30,467,000 bushels in the 1941 crop on hand at that time and 85,954,000 bushels in the 1940 crop; there appears to be as much here on hand from the old crop that is still unsold?—A. If you go back to the previous statement you find there, still 20,583,000 bushels of the 1945 crop in the country elevators, as of July 31st.

Q. Why is there so much more carried over from the previous year, you show 30,467,000 bushels of the 1941 crop and 85,954,000 of the 1940 crop?

Mr. HENDERSON: The 1940 crop was the heaviest.

The WITNESS: The 1940 crop was the big crop—395,000,000 bushels were taken that year.

Mr. WARD: Why did you carry it and the storage paid on it longer than on the other; perhaps it does not make any difference, perhaps to the wheat board it makes no difference, but it does seem to be an anomaly having 15,000,000 bushels from the 1941 crop and 41,400,000 bushels from the 1940.

The WITNESS: Of course, we apply our sales always on the basis of the unsold position of each particular crop.

Mr. HENDERSON: Proportionately, you mean.

The WITNESS: Yes.

Mr. WARD: So that you have a lot less in one and practically none in the other.

The WITNESS: Eventually it gets so that your crop is never wound up really, because the percentage gets so small.

The CHAIRMAN: In other words, you take your unsold position out of each crop year and you allocate the sales proportionately?

The WITNESS: Yes.

Mr. WRIGHT: I believe it would be better to finish up one crop.

The WITNESS: When you know that there is no possibility of any further payments you just have to arbitrarily close it off.

The CHAIRMAN: And that has been done in this report with respect to the 1939 crop.

Order, please.

Mr. MACKENZIE: What about the 1939 wheat for seeding purposes as compared with the 1942 and 1943; I mean does it deteriorate?

The WITNESS: No, I do not think so.

The CHAIRMAN: You do not think it deteriorates?

The WITNESS: No.

The CHAIRMAN: If it is properly harvested and properly stored its keeping qualities are very slightly impaired if any. Going back now to page 17; what is the effect of Special Account P.C. 1803?

The WITNESS: P.C. 1803 was, of course, the measure which was introduced to take care of the increase in price of wheat from the 80-cent level to the 90-cent level in order that there would be no speculation with regard to the increase in price.

By Mr. Perley:

Q. Under this heading, operating and financial summary, would you give the committee an idea of just how you finance the whole wheat board operations; for instance, it says how they are financed. On page 19 you speak of the sale of futures to the United Kingdom, what is the whole financial operation; also on page 19 we have the liabilities of the board as to demand loans and liabilities to agents; what is the total paid and what is the outline of the whole business of finance?—A. We pay 3 per cent on our bank loans and our loans to agents we pay 4 per cent—we had that reduced this year from 4½ per cent, the moneys that we require we borrow from the banks; we do not pay the agents for the wheat until they deliver the wheat in a deliverable position; and then the item to which you referred, "liabilities to agents", are wheat they carry in the country elevators which they finance.

Q. The Bank of Canada does not operate in this set-up at all?—A. The Bank of Canada no; there are eight banks.

By the Chairman:

Q. But you show loans to agents, which I presume are the country elevator operators; they are the country elevator operators?—A. No, they finance the purchases of wheat until such time as it is delivered either to the mills or lakehead.

Q. This item of 4 per cent interest is allowed them for the money tied up in the wheat?—A. That is right, they have to pay the banks 4 per cent and we pay them 4 per cent.

By Mr. Perley:

Q. When the agent loans to the farmer for advances on grain, do you allow him on that?—A. We provide for that in our elevator agreement.

Q. Your elevator agreement?—A. Yes.

Q. What rates do you allow him to charge?—A. 5½ per cent.

Q. Do you know that the charge is more than that, as much as 6 or 7 per cent to the farmers?—A. To the farmers?

Q. Yes.—A. I certainly do not.

Mr. PERLEY: I think you should know that, I can produce accounts to show it if you like.

By the Chairman:

Q. Do you have any credit balances at the banks? You most likely have right now?—A. Yes.

Q. Do you get any interest on that?—A. Yes.

Q. What rate?—A. Three per cent; that is an offset interest.

Mr. WRIGHT: It would be illegal for an agent to charge more than 5½ per cent.

The WITNESS: I do not know about the legality of it, but I would be very much surprised if any of them did.

By Mr. Bryce:

Q. Could you tell us about flax; did you lose money in selling the flax or in selling the oil after it was processed?—A. No. We lost money, of course, we always lose money on domestic flax because the ceiling price is \$1.64 and we have to pay \$2.50; and this year of course we will be paying \$2.75 and we will lose more money; except on the export flax. On the linseed oil we make approximately I think it is .82 of a cent per pound.

By the Chairman:

Q. How did you come into the picture to handle oil, linseed oil?—A. How did we get into the picture at any time? We are just driven into it.

Q. I mean to say what mechanics would bring that about?—A. Well, Mrs. Turner asked us to handle it because she thought we were more capable of doing it than she was.

Mr. GOLDING: What is your loss on flax to date, do you know?

The WITNESS: You will find the entire flax statement at the end; roughly it is a million and a half; but that will be improved very considerably this year by reason of the exports—\$1,978,000 I think is the figure, that should drop to 1,500,000.

By Mr. Perley:

Q. Coming back to page 19 again, to the United Kingdom picture; have you a representative in the United Kingdom now?—A. Mr. Biddulph, our European representative.

Q. What futures would there be in this case?—A. In that particular case I think the futures were in May, were they not?

Q. I don't mean the month, where were they cleared?

Mr. McIVOR: I think we covered that whole question last year or the year before as to mechanics of handling that operation, that was thoroughly covered in the previous committee meetings.

By Mr. Perley:

Q. I have a report here of last year, this is a different item.

Mr. McIVOR: I took it that you were asking the same question that you asked last year and the year before.

Mr. PERLEY: All right, I cannot recall what the answer was, what is the answer now?

Mr. McIVOR: It is a very long answer. Do you want me to repeat it?

Mr. PERLEY: Who represented the Canadian board, who acted as brokers for you, for the wheat board?

Mr. McIVOR: As brokers did you say?

Mr. PERLEY: Yes.

Mr. McIVOR: There were no brokers, the sale was made by Mr. Bidulph, our European commissioner, the European commissioner for the board.

Mr. PERLEY: He sold the futures?

Mr. McIVOR: Yes.

Mr. PERLEY: It was declared where?

Mr. McIVOR: Winnipeg.

Mr. PERLEY: Fort William?

Mr. McIVOR: Winnipeg.

Mr. PERLEY: You do not use any brokers, you do your own clearing?

Mr. McIVOR: As far as clearing is concerned, we clear it through our clearing house membership in Winnipeg.

Mr. PERLEY: Your own clearing house membership?

Mr. McIVOR: Yes.

Mr. BRYCE: Were the futures sold in connection with that?

Mr. McIVOR: As I explained yesterday, the price on this crown wheat is \$1.25, and the United Kingdom just take the wheat as needed, there are no bulk sales now.

Mr. PERLEY: Did you use your membership to clear these transactions? Do you use that now?

Mr. McIVOR: There are no trades now in futures, the futures market is closed.

Mr. PERLEY: How about Chicago, do you buy any futures there?

Mr. McIVOR: No, we do not trade in futures at all.

Mr. PERLEY: Why do you see in the reports of the market for instance to-day, I have a clipping here, and it shows on the Winnipeg market and the grain exchange to-day of 500,000 bushels to the United Kingdom of Canada and 250,000 bushels of grain to the United States from the Winnipeg Grain Exchange.

Mr. McIVOR: That is cash grain; that is what it is, cash wheat.

Mr. PERLEY: Then why do they have to use the Winnipeg grain exchange at all?

Mr. McIVOR: That is sold through exporters who in turn sell it to the Commodity Credit Corporation.

By Mr. Perley: (To Mr. McIvor)

Q. And you deliver the wheat to the exporters?—A. That is right.

Q. And they clear that in Chicago?—A. No, I don't know where they trade.

Q. They can't trade in Winnipeg?—A. They merely sell the wheat to the Commodity Credit Corporation—whether they trade in Chicago in their ordinary operations, I do not know anything about that, it would have nothing to do with our sales.

Q. Then you deliver the wheat to the broker?—A. To the exporter.

Q. To the exporters, yes, and they sell it?—A. That is right.

Q. And you do not use your membership for any of this trading?—A. No, not our clearing membership.

Q. Then, what exporters do you use?—A. We use them all.

Q. How many are there, eight or nine?—A. Oh, I would say about fifteen.

Q. And you use them all, do you shop it around?—A. We sell to the man who bids the highest, the highest price gets the wheat.

Q. And you pay commissions on these deliveries?—A. Well, they may actually have some margin to the price they get from the Commodity Credit Corporation after they purchase the wheat from us, I think the margin is a half a cent per bushel.

Q. In your statement here you refer to brokers' fees for the period the report covers and I see that you have paid \$758,000?—A. That statement, Mr. Perley, is as at July 31, 1943; the market was closed on the 27th of September, 1943. You have been discussing other sales through the Commodity Credit Corporation.

Q. Since the market closed?—A. Since the market closed.

Q. Then, what arrangement have you with the exporters; the first thing the exporter has to get is shipping instructions, who does that?—A. They do.

Q. And have you any representative at all with respect to deliveries?—A. No.

Q. The British government have?—A. Yes.

Q. They make deliveries to them for shipment?—A. That is right.

Q. And you sell them in the usual way?—A. Yes.

Q. And there is no charge at all?—A. Yes—I want to just point out that you have jumped from the sales to the Commodity Credit Corporation which we were discussing. Now you are discussing sales to the British government.

Q. Of course, in both cases they are sales by the government, the ones in the United States are made through the Commodity Credit Corporation— A. What are you talking about now, the sales?

Q. I don't care which one, I want to know under what agreement the exporters handle your grain to fill these contracts. They got contracts according to yesterday's report for 27 and 50—United Kingdom accounts 250,000—you take whichever one you like.—A. I will take the Commodity Credit Corporation. I do not want to be giving you the wrong answer.

Q. Well, take one of the shipments to Britain.—A. Under that arrangement the wheat is sold at \$1.25, which is the crown wheat price, and it is transported to the seaboard and delivered to Britain under mutual aid. I gave Mr. Wright this morning a breakdown of the charges. You were not here, and in the figures I included an item of allowance to the exporter on a transaction of that kind amounting to one cent per bushel.

Q. Now, just before you leave that, what are your charges against that wheat in getting it to seaboard?—A. That was all read into the record here this morning.

Mr. PERLEY: I am sorry I could not be here. We will not be getting the printed report for two or three days.

The CHAIRMAN: That is a statement which Mr. Wright asked Mr. McIvor for yesterday and it was placed on the record this morning. Perhaps Mr. Wright or someone will be good enough to give you the total figures for your immediate convenience.

Mr. PERLEY: Thank you.

The CHAIRMAN: The price really is \$1.25 basis Fort William, is it not?

Mr. McIVOR: That is right.

The CHAIRMAN: Plus the differential to the board of export.

Mr. McIVOR: Yes.

Mr. WRIGHT: There is one question which arises from your answers to Mr. Perley; you said here earlier that the commission was one cent, and in connection with sales you made to exporters on account of the credit corporation in the United States you gave another figure.

Mr. McIVOR: That is another thing altogether that Mr. Perley raised. He referred to the transaction with the British government, and now you are asking with respect to the sales to the Commodity Credit Corporation.

By Mr. Perley: (To Mr. McIvor)

Q. But the United Kingdom have no representative in Montreal?—A. They have no representative over here, except the firm of Thomson and Earle of Montreal.

Q. Where do they come into the picture?—A. They look after the direction of shipping and getting it over to the other side.

Q. They do not operate through the Canadian exporters at all?—A. No.

Q. They just deal with the Canadian Wheat Board?—A. When you say they do not operate through the Canadian exporters, they operate with the Canadian exporters who forward this wheat from the lakehead to the seaboard.

Q. Well then, these futures sell basis Fort William, who represents them, who clears that trade for the United Kingdom government?—A. Such sales were made direct to the United Kingdom government through Mr. Biddulph, the European Commissioner of the Canadian Wheat Board; then the trades are cleared—the exporters who purchase the cash wheat are given the futures on instructions from the United Kingdom government, the ministry of food, who direct the Wheat Board to release them to the various exporters.

Q. So that the exporters are really representatives of the United Kingdom?—A. No, they do not represent them, they have Thomson and Earle of Montreal.

Q. Well, it takes two to clear a trade on the Winnipeg exchange, that is when the exchange was open?—A. Yes.

Q. Who conducts it? Who represents your board?—A. Who represents our board?

Q. Yes.—A. We represent ourselves.

Q. Yes, you have a seat on the exchange?—A. Yes.

Q. Who represents the other fellow to clear that trade?—A. The man who would sell the wheat to the importer, to the import cereals division of the ministry of food, he would be the exporter, and in order to fix a price for the sale of that wheat the United Kingdom government would instruct the wheat board to turn over the futures to the exporter. The exporter would base his price f.o.b. seaboard on the basis of the futures which he received from the Canadian Wheat Board on behalf of the British Ministry of Food.

Q. And he would clear the trade?—A. Yes.

Q. On his own account?—A. Yes.

Q. And it really comes out to this, that the Canadian exporter would really be the representative of the British government?—A. No, he would not at all.

Q. But he was?—A. You and I argued this thing for many hours before.

Q. But he is the one who clears the trade, he is the agent?—A. Yes.

Q. And then it would follow that he would be their agent—A. I am afraid, Mr. Perley, that I cannot explain the thing very well.

Q. But you can give an answer to my questions.—A. Yes; that is what I am trying to do but you are putting your own interpretation on the questions I am answering.

Q. Oh, not at all.

Mr. WARD: What is the point you are trying to make?

Mr. PERLEY: There may not be very much of a point to it but it is this, the wheat board have a seat on the grain exchange?

The WITNESS: That is right.

By Mr. Perley:

Q. An they clear their own trades, and I contend they can do the whole thing without needing to have anyone else do it for them.—A. That is what we are doing. Let me ask you a question?

Q. Then coming back to the point again, the fact that you are doing it today, why is it necessary for someone else to do it before the 27th of September

last?—A. Let me ask you a question, Mr. Perley, perhaps it will help to clear this thing up. You contend, as I understand it, that because the exporter delivers a cargo of wheat to the British government—and we are talking now of prior to the 31st of July, 1943, prior to the date of this report, prior to the closing of the market—do you contend that because he delivers a cargo to the British government and the British government purchases that cargo that that man is an agent of the British government? I say he is buying on account of the British government.

Q. Well, you say he delivers?—A. Yes.

Q. What authority has he got, the Canadian Wheat Board handles it?—A. The Canadian Wheat Board have the futures. They have sold the futures to the British Ministry of Food. The exporter owns the wheat in eastern Canada which was held on the Winnipeg market. They offered the wheat, the actual wheat that they owned out of their eastern stocks.

Q. To?—A. To the British government.

Q. Yes.—A. The British government accept the offer; and then the British government say to the exporter, you obtain from the Canadian Wheat Board the equivalent amount of futures against this sale.

Q. The exporter has the wheat, you say, in the eastern terminal ready for shipment?—A. Yes.

Q. And he delivers it to the United Kingdom and they accept the offer?—A. Yes.

Q. Why do they have to say, you take the futures in return?—A. Because the British government have bought these futures; they purchased these futures to fix the basic price.

Q. They purchase these from?—A. From the board. So they must turn over the futures to the exporters against the actual wheat because he has sold futures, you remember; he has got this wheat hedged, and he gets futures back from the Canadian Wheat Board and that fixes the basic price.

Q. In other words then if he had not sold the futures, had just held cash wheat, and had it where it was deliverable at an ocean terminal, if he had sold the futures then where would the broker come in; why was it necessary to have that delivery; could it not have been a straight cash deal?—A. I would say that if he had millions of bushels of wheat down at seaboard which he could not hedge, had not sold any futures on that his bank would have something to say about it.

Q. All right then, I want to ask you this; what is the Canadian banker saying to the Canadian Wheat Board now? You have no futures, you have all wheat; some at these terminals and some at Fort William?—A. They do not say anything to us.

Q. Sure.—A. They have nothing to worry about.

Q. Sure.—A. The government guarantees a price of \$1.25.

Q. Sure, and that strengthens my argument.

The CHAIRMAN: What happens to your borrowings from the bank, have you a government guarantee on that?

Mr. McIVOR: Yes.

Mr. WRIGHT: If Mr. Perley is through—

The CHAIRMAN: Are you through with your questioning, Mr. Perley?

Mr. PERLEY: Yes, I am through on this phase of it, but I want to get some information from Mr. McIvor with respect to sales which were made to the Commodity Credit Corporation in the United States.

The CHAIRMAN: I say, Mr. Perley, unfortunately you were not here for that was discussed in the committee yesterday in detail. Perhaps you have some question to ask in regard to it that Mr. McIvor might reply to in a general way.

By Mr. Perley: (To Mr. McIvor)

Q. Was there any broker used in that?—A. Yes.

Q. What broker?—A. The cash brokers.

Q. The cash brokers?—A. Yes.

Q. And you had to clear that wheat through Chicago, did you not?—A. We have nothing to do with the Chicago market or anybody who deals there. Anybody who deals there does so on their own responsibility.

Q. What do you pay the exporters?—A. We do not pay them anything. It is my understanding that they do get a slight margin. We sell the wheat to the highest bidder.

Q. What is this wheat, 750,000 bushels—I am reading from my quotation dated the 27th of June.—A. That wheat bought on the account of this Commodity Credit Corporation, a department of the government of United States, and they buy from exporters.

Q. And you deliver it to the exporters?—A. That is right.

Q. And you pay them a commission?—A. We pay 1/16th of a cent to the cash wheat brokers, and we sell at the current market price. The price yesterday was I think \$1.40 for No. 1 Northern Wheat at lakehead.

Q. How much did you get?—A. \$1.40.

Q. That is the price at which the wheat would be sold?—A. To the exporter.

Q. To the exporter?—A. Yes.

Q. \$1.40, Fort William?—A. Yes.

Q. And to that you have to add freight?—A. No, the freight does not enter into it.

Q. Well, it is at Fort William?—A. What freight do you mean, the rail freight?

Q. You see, you sell it on the basis of \$1.40 Fort William?—A. Yes.

Q. What does it cost then to get it from there?—A. We don't pay it from there, we deliver it Fort William.

Q. Yes, what is the amount you deliver on Fort William?—A. We deliver it to the exporter at Fort William.

Q. You sell it at \$1.40?—A. That is right, that was yesterday.

Q. You have a profit on that?—A. Over and above what we paid to the producer?

Q. The producer got a price of \$1.25 basis Fort William?—A. That is right.

Q. Wheat yesterday at Chicago was \$1.58½; how much did it cost to get it from Fort William to where they would have to have it on the market, say in Chicago?—A. That is the price of the American wheat. If you deliver wheat to that market you would have to pay 42 cents duty. This wheat is purchased by the Commodity Credit Corporation, a department of the United States government, and by directive from the president they do not have to pay duty, so that it does not get into commercial channels.

Q. They have a special privilege, free of duty on this wheat?—A. Free of duty, yes.

Q. Quite a problem, wouldn't that be?—A. They do not buy it for profit, they buy that wheat and use it for feed or alcohol.

Q. Sure.

By Mr. Wright: (To Mr. McIvor)

Q. I would like to ask Mr. McIvor one or two questions in respect to this; he said that with the deals made with the Commodity Credit Corporation they went to the States?—A. Yes.

Q. And he referred to a commission of approximately a half a cent a bushel—the difference between what the agent bought it from you at and what he sold it for to the Commodity Credit Corporation would be what he would make, would it not?—A. Yes.

Q. And that would be approximately a half a cent a bushel?—A. Yes, I think it is about that.

Q. Well, in your deals with the British import board, it was actually a cent a bushel?—A. Yes.

Q. For the same service?—A. Not for the same services, Mr. Wright. In regard to the sales to the Commodity Credit Corporation, the Commodity Credit Corporation supply the boats in most instances, the man who sells the wheat only has to put it on board the boat at the lakehead. It is a much less complicated operation.

Q. But that is the amount that was paid in commissions?—A. Yes,—that is not a commission, our price is \$1.40 and that is net.

The CHAIRMAN: Can we get back to the report now. Are there any further questions on the statement contained on pages 17, 18 and 19? If not, we will proceed to page 20 where it deals with the 1941 crop. Perhaps Mr. Findlay would tell us just what the tabulation is there, for the purpose of the record.

The WITNESS: The tabulation on page 20, Mr. Chairman, is the net sales of the 1941 crop by the board and the balance unsold held by the board at the end of each month; and the table at the bottom of the page is the month-end liability of the board to the banks and agents of the board on the 1941 wheat crop. Then, the table on page 21 at the top is the Special Account, P.C. 1803, showing the purchases and sales and the unsold position—that was of course eventually wound up.

As reported last year, a sale of 120,000,000 bushels of wheat futures was made to the United Kingdom on May 22, 1942. The allocation of this sale was applied as follows: 12,000,000 bushels to the 1941 crop; 33,600,000 bushels to the 1940 crop; 15,000,000 bushels to the 1939 crop, and 59,400,000 bushels were carried forward to the 1942 crop. This latter quantity would have been included, in the usual way, in the August figures shown above. The sale was applied on the usual basis of the unsold position in each of the crop years open at that time and an estimated handling of 280,000,000 bushels for the 1942 crop.

Early in 1943 conditions changed and it became apparent that the estimated handling of 280,000,000 bushels for the 1942 crop would not be realized, and toward the end of the season this sale was re-allocated basis an estimated handling of 168,000,000 bushels instead of the 280,000,000 bushels previously used. The new basis applied the sale—45,000,000 bushels to the 1942 crop; 15,000,000 bushels to the 1941 crop; 41,400,000 bushels to the 1940 crop and 18,600,000 bushels to the 1939 crop. This reduced the allocation to the 1942 crop from 59,400,000 bushels to 45,000,000 bushels. The difference, of 14,400,000 bushels, was allocated over and is included in the August sales of each crop year affected; viz., 1941 crop, 3,000,000 bushels; 1940 crop, 7,800,000 bushels; 1939 crop, 3,600,000 bushels. The 45,000,000 bushels applicable to the 1942 crop are included in the August sales shown in the preceding table.

The month-end liability of the board to the banks and agents of the board in respect of the 1942 wheat crop account is shown in the following table:—

| | Demand Loans | Liability to Agents | Combined |
|---------------------|--------------|---------------------|----------------|
| 1942 | | | |
| August 31st..... | \$ — | \$ — | \$ — |
| September 30th..... | 677,035.98 | 19,189,531.82 | 19,866,567.80 |
| October 31st..... | 1,375,547.48 | 64,876,893.61 | 66,252,441.09 |
| November 30th..... | 2,801,083.91 | 88,162,228.08 | 90,963,311.99 |
| December 31st..... | 3,558,569.00 | 100,287,164.27 | 103,845,733.27 |
| 1943 | | | |
| January 31st..... | 4,913,879.85 | 102,187,267.54 | 107,101,147.39 |
| February 28th..... | 5,048,975.52 | 103,997,029.13 | 109,046,004.65 |
| March 31st..... | 3,998,041.32 | 105,056,369.96 | 109,054,411.28 |
| April 30th..... | 5,705,422.32 | 99,759,392.51 | 105,464,814.83 |
| May 31st..... | 7,730,701.35 | 91,737,375.93 | 99,468,077.28 |
| June 30th..... | 7,033,498.94 | 78,368,873.44 | 85,402,372.38 |
| July 31st..... | 6,358,811.56 | 69,744,696.03 | 76,103,507.59 |

1941 Crop

On Page 13 of the report for the crop year 1941-42 a statement was presented showing deliveries to the board, sales and unsold stocks of the 1941 crop, by months. The following table shows the sales for the period under review, together with the unsold balance, by months:

| | Net Sales of 1941 Crop by the Board | Balance of 1941 Crop Held by the Board at end of Month |
|---|-------------------------------------|--|
| 1942 | | |
| July 31st (as per previous Report)..... | | 43,683,088-35 |
| Less Deliveries wrongfully reported by Agents of the Board—subsequently adjusted..... | | 707-00 |
| | | 43,682,381-35 |
| August..... | * 3,133,909-30 | 40,548,472-05 |
| September..... | 114,764-45 | 40,433,707-20 |
| October..... | 172,545-25 | 40,261,161-55 |
| November..... | 107,821-55 | 40,153,340-00 |
| December..... | 51,179-35 | 40,102,160-25 |
| 1943 | | |
| January..... | 26,288-00 | 40,075,872-25 |
| February..... | 12,699-25 | 40,063,173-00 |
| March..... | 9,918-55 | 40,053,254-05 |
| April..... | 233,066-15 | 39,820,187-50 |
| May..... | 209,226-35 | 39,610,961-15 |
| June..... | ** 7,321,755-30 | 32,289,205-45 |
| July..... | 1,821,938-25 | 30,467,267-20 |
| Total for Year..... | 13,215,114-15 | |

* Included in this item is an adjustment of 3,000,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942, upon which we have previously commented.

** This quantity includes 5,800,000 bushels, being part of a sale of 40,000,000 bushels of wheat futures to the United Kingdom, and allocated to the 1941 crop.

The month-end liability of the board to the banks and agents of the board on the 1941 wheat account is shown in the following table:—

| | Demand Loans | Liability to Agents | Combined |
|---------------------|------------------|---------------------|------------------|
| 1942 | | | |
| August 31st..... | \$ 10,277,923.98 | \$ 23,228,694.42 | \$ 33,506,618.40 |
| September 30th..... | 12,033,925.48 | 21,262,177.19 | 33,296,102.67 |
| October 31st..... | 12,589,621.38 | 19,627,282.14 | 32,216,903.52 |
| November 30th..... | 6,197,519.47 | 18,884,136.54 | 25,081,656.01 |
| December 31st..... | 3,525,669.15 | 18,105,786.21 | 21,631,455.36 |
| 1943 | | | |
| January 31st..... | 3,811,862.82 | 17,636,488.48 | 21,448,351.30 |
| February 28th..... | 3,969,158.89 | 17,188,713.79 | 21,157,872.68 |
| March 31st..... | 3,994,827.49 | 16,883,407.17 | 20,878,234.66 |
| April 30th..... | 4,006,445.14 | 16,438,916.51 | 20,445,361.65 |
| May 31st..... | 4,033,425.19 | 15,827,813.39 | 19,861,238.58 |
| June 30th..... | 6,269,435.92 | 14,929,743.18 | 21,199,179.10 |
| July 31st..... | 6,098,822.78 | 14,177,621.24 | 20,276,444.02 |

Special Account—P.C. 1803

The following table is a continuation of the table shown on page 14 of our previous report, covering the operations of special account authorized under Order in Council P.C. 1803 of 9th March, 1942:—

| | Purchases Special Account P.C. 1803 | Net Sales | Balance of Special Account P.C. 1803 Held by the Board at end of month |
|---|-------------------------------------|---------------|--|
| 1942 | | | |
| July 31st (as per previous Report)..... | | | 23,097,050-20 |
| August..... | 6,312,895-00 | 3,542,278-30 | 25,867,666-50 |
| September..... | 5,316,721-00 | 2,725,574-20 | 28,458,813-30 |
| October..... | 1,437,597-20 | 607,872-30 | 29,288,538-20 |
| November..... | — | 5,577,126-50 | 23,711,411-30 |
| December..... | — | 18,652,000-00 | 5,059,411-30 |
| 1943 | | | |
| January..... | — | 5,057,000-00 | 2,411-30 |
| February..... | — | — | 2,411-30 |
| March..... | — | 471-50 | 1,939-40 |
| April..... | — | — | 1,939-40 |
| May..... | — | 9 | 1,939-40 |
| June..... | — | — | 1,939-40 |
| July..... | — | 1,939-40 | — |
| Total for Year..... | 13,067,213-20 | 36,164,263-40 | |

1940 Crop

The following is a continuation of the table shown on page 15 of last year's report, for the year under review:

| | Net Sales of 1940 Crop by the Board | Balance of 1940 Crop Held by the Board at end of month |
|---|---|---|
| 1942 | | |
| July 31st (as per previous Report)..... | | 121,966,362-30 |
| August..... | *7,828,280-05 | 114,138,082-25 |
| September..... | 89,212-25 | 114,048,870-00 |
| October..... | 13,007-30 | 114,035,862-30 |
| November..... | 146,371-10 | 113,889,491-20 |
| December..... | 47,991-00 | 113,841,500-20 |
| 1943 | | |
| January..... | 31,899-30 | 113,809,600-50 |
| February..... | 15,647-25 | 113,793,953-25 |
| March..... | 25,783-20 | 113,768,170-05 |
| April..... | 675,836-30 | 113,092,333-35 |
| May..... | 638,258-45 | 112,454,074-50 |
| June..... | **21,234,808-10 | 91,219,266-40 |
| July..... | 5,264,841-35 | 85,954,425-05 |
| Total for Year..... | 36,011,937-25 | |

* Included in this item is an adjustment of 7,800,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942, upon which we have previously commented.

** This quantity includes 16,800,000 bushels, being part of a sale of 40,000,000 bushels of wheat futures to the United Kingdom, and allocated to the 1940 crop.

The CHAIRMAN: What is that P.C. 1803?

The WITNESS: That is the wheat which we purchased to stabilize the market at the time of the increase in price to 90 cents; the lower table is the same, net sales per month and the unsold position for the 1940 crop.

Mr. FAIR: In connection with the participation certificates for the 1940 crop which averaged six cents a bushel, that is the difference between 70 per cent and the amount at which it was finally settled for after allowing for expenses of operation and carrying charges and so on?

The CHAIRMAN: I think that is a natural question, Mr. Fair, but it would probably come better when we get to the financial statement for a crop year which you will find in the exhibits.

Mr. FAIR: What page will that be?

The WITNESS: That is at the end of the report, Mr. Fair.

The CHAIRMAN: There at the end of the report, there are a number of exhibits covering each crop year; they show the position with respect to each crop year as at the end of the crop year. If you will agree to that, Mr. Fair, I think that would be the more logical place to get an answer to your question.

Mr. FAIR: All right, Mr. Chairman.

The CHAIRMAN: Then, on page 22—

The WITNESS: That shows the demand loans, the liability to agents and the both combined.

Mr. PERLEY: The 1939 crop showed a loss, where is that?

The WITNESS: There is a loss in excess of \$8,000,000, we will come to that in the statement.

The CHAIRMAN: That is in one of the exhibits, Mr. Perley, if you will leave it for a moment.

The month-end liability of the board to the banks and agents of the board on the 1940 wheat crop account is shown in the following table:

| | Demand Loans | | Liability to Agents | | Combined | |
|---------------------|--------------|------|---------------------|------|------------|------|
| | \$ | cts. | \$ | cts. | \$ | cts. |
| 1942 | | | | | | |
| August 31st..... | 71,425,189 | 84 | 22,611,363 | 50 | 94,036,553 | 34 |
| September 30th..... | 67,261,714 | 24 | 19,638,792 | 91 | 86,900,507 | 15 |
| October 31st..... | 61,117,010 | 01 | 18,118,748 | 44 | 79,235,758 | 45 |
| November 30th..... | 52,733,069 | 71 | 17,605,140 | 01 | 70,338,209 | 72 |
| December 31st..... | 54,021,118 | 34 | 17,142,878 | 06 | 71,163,996 | 40 |
| 1943 | | | | | | |
| January 31st..... | 53,306,401 | 99 | 16,673,912 | 95 | 69,980,314 | 94 |
| February 28th..... | 49,585,865 | 78 | 16,198,384 | 01 | 65,784,249 | 79 |
| March 31st..... | 50,246,481 | 51 | 15,641,970 | 92 | 65,888,452 | 43 |
| April 30th..... | 42,224,455 | 25 | 15,004,628 | 77 | 57,229,084 | 02 |
| May 31st..... | 38,782,623 | 58 | 14,367,531 | 33 | 53,150,154 | 91 |
| June 30th..... | 32,321,440 | 71 | 13,480,630 | 51 | 45,802,071 | 22 |
| July 31st..... | 27,243,706 | 35 | 12,752,346 | 07 | 39,996,052 | 42 |

1939 Crop

On page 16 of last year's report the operations of the 1939 crop for the year were shown, and the following table shows their continuation until the crop was finalized:

| | Net Sales of 1939 Crop by the Board | Balance of 1939 Crop Held by the Board at end of Month |
|---|-------------------------------------|--|
| 1942 | | |
| July 31st (as per previous Report)..... | | 55,728,221-40 |
| August..... | * 3,604,292-50 | 52,123,928-50 |
| September..... | 17,420-40 | 52,106,508-10 |
| October..... | 21,051-30 | 52,085,456-40 |
| November..... | 3,430-00 | 52,082,026-40 |
| December..... | 3,151-20 | 52,078,875-20 |
| 1943 | | |
| January..... | 1,779,364-25 | 50,299,510-55 |
| February..... | 8,098,996-20 | 42,200,514-35 |
| March..... | 41,740,514-35 | 460,000-00 |
| April..... | 460,000-00 | — |
| Total for Year..... | 55,728,221-40 | |

* Included in this item is an adjustment of 3,600,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942, upon which we have previously commented.

The month-end liability of the board to the banks in respect of the 1939 wheat crop account follows:

| | | | |
|---------------------|------------------|--------------------|------------------|
| 1942 | | 1943 | |
| August 31st..... | \$ 31,770,562 83 | January 31st..... | \$ 31,346,737 32 |
| September 30th..... | 31,787,260 44 | February 28th..... | 30,779,800 73 |
| October 31st..... | 31,539,401 11 | March 31st..... | 8,736,305 80 |
| November 30th..... | 31,727,722 35 | April 30th..... | 5,867,099 20 |
| December 31st..... | 31,553,553 24 | May 31st..... | 7,009,342 10 |
| | | June 30th..... | 6,724,319 70 |
| | | July 31st..... | 6,743,253 55 |

The WITNESS: Then the statement on page 23 shows the combined statement of all the crop years.

The CHAIRMAN: That is at the end of July 31st?

The WITNESS: Yes, as at the end of July, 1943.

The CHAIRMAN: The details of these are really included in the exhibits, are they not, Mr. Findlay?

The WITNESS: Yes.

COMBINED STATEMENT OF SALES AND UNSOLD POSITION

A statement showing the combined net sales of the 1939, 1940, 1941 and 1942 crop years, together with the sales of Special Account—P.C. 1803 and the unsold position by months, follows:—

| | Net Sales | | | Balance Held at End of Month | | |
|--|--|------------------------------|----------------|--|------------------------------|----------------|
| | Combined 1929, 1940, 1941 and 1942 Crops | Special Account P.C. 1803 | Total | Combined 1929, 1940, 1941 and 1942 Crops | Special Account P.C. 1803 | Total |
| 1942 | | | | | | |
| July (as per previous Report)..... | | | | 221,377,672-45 | 23,097,050-20 | 244,474,723-05 |
| Less Deliveries wrongfully reported by Agents of the Board—subsequently adjusted..... | | | | 707-00 | — | 707-00 |
| August..... | 59,566,220-45 | 3,542,278-30 | 63,108,499-15 | 221,376,965-45 | 23,097,050-20 | 244,474,016-05 |
| September..... | 254,352-05 | 2,725,574-20 | 2,979,926-25 | 161,810,745-00 | 25,867,666-50 | 187,678,411-50 |
| October..... | 348,434-25 | 607,872-30 | 956,306-55 | 183,991,897-45 | 28,458,813 30 | 212,450,711-15 |
| November..... | 668,568-00 | 5,577,126-50 | 6,245,694-50 | 240,387,632-45 | 29,288,538-20 | 269,676,171-05 |
| December..... | 991,336-50 | 18,652,000-00 | 19,643,336-50 | 272,511,850-35 | 23,711,411-30 | 296,223,262-05 |
| | | | | 297,377,175-25 | 5,059,411-30 | 302,436,586-55 |
| 1943 | | | | | | |
| January..... | 3,035,807-50 | 5,057,000-00 | 8,092,807-50 | 308,028,725-30 | 2,411-30 | 308,031,137-00 |
| February..... | 8,740,014-00 | — | 8,740,014-00 | 308,355,681-20 | 2,411-30 | 308,358,092-50 |
| March..... | 41,172,890-25 | 471-50 | 42,173,362-15 | 272,773,454-35 | 1,939-40 | 272,775,394-15 |
| April..... | 2,269,724-00 | — | 2,269,724-00 | 270,605,384-40 | 1,939-40 | 270,607,324-20 |
| May..... | 1,661,603-25 | — | 1,661,603-25 | 269,009,557-35 | 1,939-40 | 269,011,497-15 |
| June..... | 50,710,861-45 | — | 50,710,861-45 | 218,382,668-15 | 1,939-40 | 218,384,607-55 |
| July..... | 12,745,725-35 | 1,939-40 | 12,747,665-15 | 205,717,958-25 | — | 205,717,958-25 |
| Total for Year..... | 183,165,539-05 | 36,164,263-40 | 219,329,802-45 | | | |

The CHAIRMAN: Now we come to page 24 which lists the appendices to this report. I think all the material on pages 24, 25, 26, 27, 28, 29 and 30 relate to the consolidated balance sheet. We will take them as read and proceed to the exhibits that are contained in the consolidated statement at the back of the report.

STATEMENTS

Appended to this Report will be found the following statements, as at 31st July, 1943:—

| | |
|---|--------------|
| Consolidated Balance Sheet..... | Exhibit I |
| Statement of Assets and Liabilities and consolidation thereof | Exhibit II |
| Statement of Assets and Liabilities and consolidation thereof: Special Account—P.C. 1803, Coarse Grains and Drawback Account | Exhibit III |
| Statement of Operations— | |
| 1939 Crop Account—Western Division..... | Exhibit IV |
| 1940 Crop Account—Western Division..... | Exhibit V |
| 1941 Crop Account—Western Division..... | Exhibit VI |
| 1942 Crop Account—Western Division..... | Exhibit VII |
| Special Account—P.C. 1803..... | Exhibit VIII |
| Flax Division—P.C. 1800..... | Exhibit IX |
| 1942 Crop Oats and Barley Account—P.C. 1801..... | Exhibit X |
| 1942 Crop Soybeans Account—P.C. 2799..... | Exhibit XI |

CONSOLIDATED BALANCE SHEET

(Exhibit I)

Stocks of Cash Grain

Wheat Stocks—Included under this heading are the wheat stocks carried in country and terminal elevators, or in transit. These were valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.

Wheat Sold but not Delivered—These stocks are valued at sales prices less loading charges.

Loading Charges—These charges, to be recovered from sales of wheat in seaboard positions, represent recoveries which will be made when sales are consummated.

Flax Stocks—These stocks were also being carried in country and terminal elevators, or in transit. They are valued on the basis of Board fixed prices established at 31st July, 1943, basis in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at ceiling prices.

No allowance has been made for export sales made subsequent to the date of the Balance Sheet, the quantities of which could not be determined at that time. They will, however, be reflected in subsequent statements as a reduction of the deficit shown in the Operating Statement appended.

Linseed Oil Sold but not Delivered—This represents the recovery value of stocks actually disposed of at realizable prices. Purchases of linseed oil for the purpose of completing these sales are included under the heading of "Accounts Payable".

Drawback Account

"Funds on Deposit", as they are described, were on deposit at the various banks. "Deposit in Transit" represents funds in payment of claims settled which did not reach us until after the date of the balance sheet, but were deposited immediately thereafter.

Accounts Receivable

This amount represents the usual items in process of adjustment at the end of the fiscal period, and which have since been paid.

Memberships

All memberships carried under this heading are necessary for the conduct of the operations of the board. The component items represent 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 known as the "clearing house", through which all futures contracts are cleared daily), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost, less dividends received.

Deficit—1939 Crop

This figure represents the result of the operations of this crop plus interest on bank advances since the marketings were finalized. The amount shown may be affected by minor adjustments, and will be subject to interest charges until the deficit is assumed and paid by the dominion government.

In order to complete the operations of this crop account, the unsold cash wheat stocks of 27,972,719-15 bushels were transferred to the 1940 crop account in exchange for 23,973,000 bushels of wheat futures. The transfer took place at March 31st, 1943.

In effecting the transfer of the cash wheat, provision was made for possible loss in the disposition of out-of-position stocks at Churchill and Vancouver.

Liability to Banks

The figure shown represents all liabilities to the lending banks with whom the board finances its operations. The item "Deposit in Transit" has previously been referred to, and represents the difference between \$3,000,000.00 received immediately subsequent to the balance sheet date, and claims previously settled.

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 board initial prices, and the liability continues to be carried by the companies until such time as the grain is unloaded in a deliverable position.

Amount due to Producers on Oats and Barley

The amount shown represents equalization fees collected on oats and barley exported from Canada under authority of P.C. 4450, which amount, less the estimated cost of making the payment, amounting to \$73,866.00, and 1 per cent representing the P.F.A.A. levy collectible by the Board of Grain Commissioners and amounting to \$15,864.59, will be paid to the producers. The amounts to be paid are—oats, \$1,118,048.02, and barley, \$452,546.58, or a per bushel payment of 2.4¢ and 1.43¢, respectively.

This payment was based on deliveries made to country elevators, mills and other dealers for the period from April 1st to July 31st, inclusive, and since the board had no record of these deliveries the information had to be furnished by the companies concerned. Approximately 170,000 cheques had to be prepared for this purpose.

Amounts due to Producers, Eastern Division, 1939 and 1940 Crop Accounts

These amounts represent the outstanding certificates on the final payment of the 1939 and 1940 crop accounts.

During the period under review approximately \$9,400.00 has been paid to producers covering these final payments. Every reasonable effort has been made and is being made to secure these outstanding certificates.

Drawback Account

For the purpose of paying drawback claims of millers and other processors of wheat for human consumption in Canada, a figure of \$6,000,000.00 was estimated early in the season, but early in 1943 market conditions changed and wheat prices increased so that a further provision was necessary. Claims actually settled for the crop year were \$6,720,032.57, and further small claims may still be presented.

Accounts Payable

The principal items in this amount, totalling in excess of \$4,700,000.00, arose as a result of sales of wheat futures to the United Kingdom and to the Belgian Government in London, and are carried by us as customers' accounts. The balance is represented almost wholly by linseed oil purchased but not paid for, against which we show an asset for linseed oil sold but not delivered.

Accrued Expenses Payable

As stated on the face of the balance sheet, this item includes all accrued charges and represents, very largely, freight, storage and other carrying charges.

Due to the Dominion Government

The balance shown under this heading represents the results of the operations of Special Account—P.C. 1803 and coarse grains up to the date of the balance sheet. The amounts for each of the accounts are as follows:—

| | Dr. | Cr. |
|--|----------------|----------------|
| Special Account—P.C. 1803..... | | \$1,990,310 13 |
| Oats and Barley Account—P.C. 1801..... | | 309,238 28 |
| Flaxseed Account—P.C. 1800..... | \$1,978,308 44 | |
| Soybeans Account—P.C. 2799..... | 6,715 10 | |
| Balance due Dominion Government..... | 314,524 87 | |
| | \$2,299,548 41 | \$2,299,548 41 |

When the final balance is determined, it is provided in each case that losses to the board on these operations shall be paid from and charged to moneys appropriated under the War Appropriation Acts, 1942, or subsequent War Appropriation Acts, and any profits shall accrue to the consolidated revenue fund.

Surplus from the Operations of the Wheat Board

The amounts comprising this item represent the accumulated surpluses as at 31st July after valuing unsold stocks at closing market prices.

STATEMENT OF ASSETS AND LIABILITIES AND CONSOLIDATION THEREOF.

(Exhibit II)

As in the previous report, Exhibit II shows the detail of the component balance sheet items for each of the crop years and Special Account—P.C. 1803, with the additional inclusion of coarses grains accounts. Because the statement does not provide for all the necessary columns, Special Account—P.C. 1803 and the coarse grains are combined in one column, the detail of which is shown in Exhibit III. The items have already been explained in the comments dealing with Exhibit I.

Amounts due to and from other Board accounts

The amounts shown under this heading represent the daily clearing house adjustments and all other items affecting the uncompleted sales of wheat futures, which are handled through one crop account and are subsequently adjusted periodically as the sales are allocated.

STATEMENT OF OPERATIONS
1942 Crop Account (Exhibit VII)

Since the same headings are used in each of the crop accounts, our comments will be confined to the above exhibit and any comments necessary on any special transactions affecting later Board years will be made subsequently.

Wheat Acquired

Under this heading is shown the quantities of wheat received by the agents of the board on behalf of the producers.

Wheat Sold

This total comprises sales actually completed, for which payment has been received, and also the uncompleted sales at contract prices for which payment will be received at times of delivery.

Futures Contracts

The items shown under this heading reflect the loss arising as a result of the sales of futures contracts acquired in exchange against cash wheat sales, after valuing the open futures contracts as at 31st July, 1943, at closing market prices. In the case of the other crop years, you will note the transactions represent a profit.

Stocks of Wheat on Hand

These stocks were valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver, and the net final surplus of \$9,782,186.28 is therefore based on the theory that net stocks of cash wheat and futures contracts held by the board could have been closed out at the prices used in valuing these holdings, subject only to final grade adjustments, etc.

Of the total bushelage shown (87,492,266-00 bushels), 82,359,051-55 bushels were held in store at country elevators or in transit and not yet delivered to the board.

Carrying Charges and Other Costs

Carrying Charges—Carrying charges on wheat stored 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 wheat reaches a deliverable position, when it is taken over and paid for by the board.

Storage on Wheat Stored in Terminal Elevators—This item covers storage paid or accrued up to the date of the balance sheet on wheat carried in interior, lakehead, Pacific Coast, or other terminals. Wheat is not necessarily moved out of the terminals at the time of sale, in which case the Board allows the accrued storage to the buyer on the sales invoice.

Interest and Bank Charges—This item represents interest on bank loans at the rate of 3 per cent per annum, together with the usual bank charges for exchange, collection of funds, etc.

Additional Freight—This amount represents additional freight paid on wheat purchased on the basis of Vancouver freight rates, subsequently moved eastward, together with provision for stocks still being carried in the country.

Drying, Reconditioning Charges, Grade Adjustments, etc.—This item is subject to final grade adjustments with the agents of the board when all the wheat has been delivered by them. It also includes the value of wheat lost in transit between interior terminals and lakehead or Pacific Coast terminals. This

represents a very trifling percentage in comparison to the total quantities shipped, and a portion of the value of this shrinkage has been or subsequently will be collected from the railway companies.

1941 Crop Account

Stocks of Wheat on Hand

Included in this figure are 20,583,576-10 bushels still being carried in country elevators or in transit, not delivered to the board as at the date of the balance sheet.

1940 Crop Account

Stocks of Wheat on Hand

Included in this quantity are 18,340,937-35 bushels of wheat still being carried in country elevators or in transit, and not yet delivered at the end of the board's fiscal period.

Net Revenue from Processing Levy

This item has been commented on in the board reports for the previous two crop years. The small additional revenue for this year represents items in process of adjustment at the close of the 1940 crop year.

Special Account—P.C. 1803 (Exhibit VIII)

In the year under review the operations of Special Account—P.C. 1803 were finalized, as per the statement appended hereto.

Flax Division—P.C. 1800 (Exhibit IX)

This statement represents the transactions involved in taking delivery of flax stocks at 19th March, 1942, and combines the operations of the balance of that crop year together with the 1942 crop year.

Included in the statement is an item of \$106,836.45 representing the revenue arising from the handling of linseed oil, which has previously been referred to; and, as stated, no provision for subsequent export sales at values higher than the board fixed price was considered in valuing the flax stocks on hand.

Of the unsold stocks shown, 1,376,559-23 bushels were still in country elevators or in transit as at the end of the fiscal period.

1942 Crop Oats and Barley Account—P.C. 1801 (Exhibit X)

As mentioned elsewhere in this report, the board was empowered to buy oats and barley cash grain and futures contracts. The result of these transactions and subsequent sales thereof, showing a profit of \$309,238.28, is shown in the statement appended hereto.

1942 Soybeans Account—P.C. 2799 (Exhibit XI)

Operations of this account, covering deliveries offered by producers, were completed as at 31st July, 1943, and resulted in a deficit of \$6,715.10.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

C. GORDON SMITH,
Assistant Chief Commissioner

D. A. KANE,
Commissioner

Winnipeg, Manitoba
February 29th, 1944.

The WITNESS: Exhibit I, Mr. Chairman, is the consolidated balance sheet which shows all the crop years and other accounts which are open; and if you look at the statement you will find a breakdown for each of the crop years involved. We had to give an additional statement this year in connection with the miscellaneous additional accounts which we had to handle. You will find in the statements also that we show the details of the special account P.C. 1803, coarse grains, etc., on the one total, and the totals of these are shown in statement 3, Exhibit I, of course, is the net position of the board at the 31st of July; and you will find there, Mr. Perley, your 1939 crop deficit of \$8,816,210.36.

THE CANADIAN WHEAT BOARD
CONSOLIDATED BALANCE SHEET
As at 31st July, 1943

| ASSETS | | LIABILITIES |
|---|------------------|---|
| Stocks of cash grain, etc.—(In terms of inventories prepared by responsible officials): | | Liability to banks—demand loans..... \$ 51,241,235.61 |
| Wheat stocks (valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver)..... | \$184,670,531.50 | —accrued interest thereon..... 4,211.61 |
| Wheat sold but not delivered (valued at sales prices less loading charges)..... | 270,827.91 | —outstanding cheques... 236,255.00 |
| Loading charges to be recovered from sales of wheat in seaboard positions..... | 10,602.34 | —deposit in transit..... (2,205,964.12) \$ 49,275,738.10 |
| Flax stocks (valued on the basis of Board fixed prices established as at 31st July, 1943, 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. 1800) | 5,839,647.93 | Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board: |
| Linseed Oil sold but not delivered (valued at sales prices including U.S. exchange)... | 138,203.15 | —Wheat..... \$ 96,674,663.34 |
| Drawback Account—funds on deposit..... \$ 73,636.54 | | —Flax..... 2,989,014.33 |
| —deposit in transit..... 794,035.88 | 867,672.42 | Amount due to Producers on Oats and Barley Equalization fees—P.C. 4450..... 1,646,114.44 |
| Accounts receivable..... | 91,461.48 | Amounts due to Producers, Eastern Division, on the outstanding certificates: |
| Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association..... | 14,595.51 | 1939 Crop Account final payment..... \$ 3,251.36 |
| Office furniture, equipment and automobiles, at cost less depreciation..... | 39,820.08 | 1940 Crop Account final payment..... 17,385.03 |
| Deficit—resulting from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939, to 31st July, 1943..... | 8,816,210.36 | Drawback Account—appropriation..... \$ 6,000,000.00 |
| | | Deduct: Net payments to millers and processors..... 5,132,327.58 |
| | | 1930 Wheat Crop Equalization Payment Account—residue made available to The Canadian Wheat Board..... 78,658.06 |
| | | Accounts payable—uncompleted wheat sales \$ 4,736,275.00 |
| | | —sundry accounts..... 88,530.11 |
| | | Accrued expenses payable—freight, storage charges, etc..... 4,195,469.88 |
| | | Due to the Dominion Government: |
| | | Net surplus resulting from the operations of the Wheat Board in respect of Special Account—P.C. 1803, and coarse grains accounts—P.C. 1800, 1801 and 2799..... 314,524.87 |
| | | Surplus from the operations of the Wheat Board, Western Division, for the period from 1st August 1940, to 31st July, 1943: |
| | | 1940 Crop Account..... \$ 17,900,257.86 |
| | | 1941 Crop Account..... 12,189,831.60 |
| | | 1942 Crop Account..... 9,782,186.28 |
| | | 39,872,275.74 |
| | \$200,759,572.68 | \$ 200,759,572.68 |

STANDING COMMITTEE

Mr. PERLEY: Yes, I see that.

By Mr. Perley:

Q. Drawback account there, that was subsidies for the mills?—A. For the mills, yes.

Q. That is not operating, is that done away with?—A. No, we are still paying drawbacks.

Q. To the mills?—A. Yes.

Q. I thought that had been done away with?

Mr. McIVOR: Yes. We are paying drawbacks to-day on the difference between the \$1.25 and the $77\frac{3}{8}$ cents.

Q. Has that been done since 1939?—A. (Mr. McIvor) No, it was not in effect in 1939. It came into effect after the ceiling price was put into effect, after the market went up I think in August 1942, wasn't it, when the drawback came first into effect?

The WITNESS: Yes, in September.

Mr. MACKENZIE: That is the ceiling price of flour, not the ceiling price of wheat?

Mr. McIVOR: Yes, there is no ceiling price on wheat.

Mr. MACKENZIE: But there is on flour?

Mr. McIVOR: There is a price at which the miller buys the wheat and he gets a drawback between that and \$1.25.

Mr. MACKENZIE: That is the ceiling price to the miller, not to the grower?

Mr. McIVOR: No.

Mr. PERLEY: What is the drawback now per bushel?

Mr. McIVOR: The difference between \$1.25 and $.77\frac{3}{8}$ but that does not affect the producer at all because it is crown wheat, \$1.25 is the crown wheat.

Mr. PERLEY: The miller is really getting \$1.25.

The CHAIRMAN: No, he is getting wheat at 77 and $\frac{3}{8}$ cents a bushel.

Mr. GOLDING: And the ceiling on flour is on that basis.

Mr. WRIGHT: I would say that Mr. McIvor's statement about the producer is not correct; if the producer were getting the present-day prices, it would not be \$1.25, it would be the market price which he would be selling it at, that is \$1.40 or something like that at the present time.

Mr. McIVOR: I have nothing to add to what I said yesterday about that.

The CHAIRMAN: Well, the government is taking all the wheat to-day.

Mr. WRIGHT: That is what I say, there is no ordinary trade to-day.

Mr. MACKENZIE: Where does this \$60,000,000 come from, the export of wheat or what, the amount that you have distributed over your 1940, 1941 and 1942 crops?

Mr. McIVOR: I believe that wheat was all taken over on inventory on the 27th of September at the prices in existence on that date.

Mr. MACKENZIE: \$1.235?

Mr. McIVOR: \$1.23 $\frac{1}{4}$.

Mr. MACKENZIE: And that \$60,000,000 was the difference between the price which it was taken in at and the price \$1.235, or .25?

Mr. McIVOR: No, the \$60,000,000 was the payment on the residue of the 1940, 1941 and 1942 crops plus the amount that has been sold of these crops up to the 27th of September, 1943. In other words, there have been sales made against these crops up until that time, then there was a residue, a balance on hand on the 27th of September which was inventoried and a price put on it, based on the closing prices of September 27, 1943 and the result of that is the payment to the farmers of approximately \$60,000,000.

Mr. PERLEY: No payments had gone out on the 1941 crop at that time?

Mr. McIVOR: No.

By Mr. Perley (To Mr. McIvor):

Q. Have all the payments gone out on the 1942 crop?—A. No.

Q. What percentage of payments have been made?—A. At the end of this week I think we will be well over half, there were 83,000 cheques issued up until Saturday.

Q. On the 1942?—A. We started on the 1940 crop, we dealt with that by one cheque, but we will issue one cheque for the two crops of 1941 and 1942.

Q. How much did you have to increase your staff to figure out those cheques?—A. Over 200 and had we had the space to do it, we would have increased over that; we are so jammed up we cannot squeeze any person in.

The CHAIRMAN: We are dealing with this consolidated balance sheet, Exhibit 1, as at July 31st, 1943, and I hope that we can keep our discussion to this balance sheet.

Mr. PERLEY: And that deficit is \$8,816,210.36, that is the amount indicated here in the statement, that is the deficit on the 1939 crop; how do you make up that deficit?

The CHAIRMAN: Yes, who pays that?

The WITNESS: The government would pay that eventually.

Mr. McIVOR: It will be paid out of the treasury.

The CHAIRMAN: It is not deducted from any other pools?

Mr. McIVOR: No.

Mr. PERLEY: That is paid by the government.

Mr. McIVOR: That is right.

The CHAIRMAN: Can we proceed to Exhibit II?

Mr. PERLEY: Just a minute, if you don't mind.

The WITNESS: In connection with the 1940 crop, as at July 31st, it had a surplus over \$17,900,000 including September 27th by reason of the takeover of the stock, it went up to over \$26,000,000.

Mr. PERLEY: That is the increase in the price on the takeover of the stocks?

The WITNESS: Yes.

By Mr. Wright:

Q. What is this 1930 wheat crop equalization payment account, residue made available to the Canadian Wheat Board?—A. That is the equalization payment that was made on the 1930 crop.

The CHAIRMAN: That was to bring up the full payment on the equalization price there, what was the figure?

The WITNESS: 50c, 55c and 60c—

Mr. McIVOR: That is the amount that was paid in the Fall of 1935.

Mr. FAIR: That is the time the payment went out.

The WITNESS: That is right. When we got all through we had \$78,000 left, which is very largely absorbed in regard to expenses in our office.

The CHAIRMAN: Are there any further questions in regard to Exhibit I; at the bottom of the liability page of Exhibit I, items relating to the crop account, 1940, 1941 and 1942; those are the amounts standing because of these crop years as at July 31st last?

The WITNESS: That is right.

Mr. PERLEY: And the greatest increase is really in the 1940 crop, is it not, when you took it over?

The WITNESS: No, the increases applied to all three.

Mr. PERLEY: And it is practically \$59,000,000, nearly \$60,000,000 now, is it not?

The WITNESS: It is approximately \$60,000,000.

The CHAIRMAN: Could you state in a general way how the \$60,000,000 is made up in relation to the different crop years?

The WITNESS: Yes; \$26,000,000 roughly for 1940, and \$15,000,000 odd for 1941 and the balance for 1942.

The CHAIRMAN: If there are no further questions we will proceed to Exhibit II.

The WITNESS: Exhibit II is a breakdown of the Exhibit I showing the figures for each of the crop years.

THE CANADIAN WHEAT BOARD
STATEMENT OF ASSETS AND LIABILITIES AND CONSOLIDATION THEREOF
As at 31st July, 1943

EXHIBIT II

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| | 1939 Wheat Crop Account | 1940 Wheat Crop Account | 1941 Wheat Crop Account | 1942 Wheat Crop Account | Totals for Special Account P. C. 1803, Coarse Grains, etc. | Totals for Consolidated Balance Sheet |
|--|----------------------------|----------------------------|----------------------------|----------------------------|--|---|
| ASSETS | | | | | | |
| Stocks of cash grain, etc.: | | | | | | |
| Wheat stocks..... | \$ | \$69,303,360.14 | \$24,761,121.92 | \$90,606,049.44 | \$ | \$184,670,531.50 |
| Wheat sold but not delivered..... | | 110,056.06 | 1,899.12 | 158,872.73 | | 270,827.91 |
| Loading charges..... | | 10,480.65 | | 121.69 | | 10,602.34 |
| Flax stocks..... | | | | | 5,839,647.93 | 5,839,647.93 |
| Linseed Oil sold but not delivered..... | | | | | 138,203.15 | 138,203.15 |
| | | \$69,423,896.85 | \$24,763,021.04 | \$90,765,043.86 | \$5,977,851.08 | \$190,929,812.83 |
| Funds on deposit..... | | | | | 73,636.54 | 73,636.54 |
| Deposit in transit..... | | | | | 794,035.88 | 794,035.88 |
| Accounts receivable..... | 244.90 | 3,882.48 | 4,732.76 | 62,509.83 | 20,091.51 | 91,461.48 |
| Grain trade memberships..... | | | | 14,595.51 | | 14,595.51 |
| Office furniture, equipment and automobiles..... | | | | 39,820.08 | | 39,820.08 |
| Deficit—resulting from operations—Western Division..... | 8,816,210.36 | | | | | 8,816,210.36 |
| | \$8,816,455.26 | \$69,427,779.33 | \$24,767,753.80 | \$90,881,969.28 | \$6,865,615.01 | \$200,759,572.68 |
| LIABILITIES | | | | | | |
| Liability to banks—demand loans..... | \$6,743,253.55 | \$27,243,706.35 | \$6,098,822.78 | \$6,358,811.56 | \$4,796,641.37 | \$51,241,235.61 |
| —accrued interest thereon..... | 554.24 | 2,239.21 | 501.27 | 522.65 | 394.24 | 4,211.61 |
| —outstanding cheques..... | | 200,211.93 | 33,927.56 | 2,105.47 | 10.04 | 236,255.00 |
| —deposit in transit..... | | | | (2,205,964.12) | | (2,205,964.12) |
| | \$6,743,807.79 | \$27,446,157.49 | \$6,133,251.61 | \$4,155,475.56 | \$4,797,045.65 | \$49,275,738.10 |
| Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board..... | | 12,752,346.07 | 14,177,621.24 | 69,744,696.03 | 2,989,014.33 | 99,663,677.67 |
| Amount due to Producers on Oats and Barley Equalization fees—P. C. 4450..... | | | | | 1,646,114.44 | 1,646,114.44 |
| Amounts due to Producers, Eastern Division, on the outstanding certificates: | | | | | | |
| 1939 Crop Account final payment..... | | | | 3,251.36 | | 3,251.36 |
| 1940 Crop Account final payment..... | | | | 17,385.03 | | 17,385.03 |
| Drawback Account—balance of appropriation..... | | | | | 867,672.42 | 867,672.42 |
| 1930 Wheat Crop Equalization Payment Account..... | | 78,658.06 | | | | 78,658.06 |
| Accounts payable..... | 4,736,275.00 | | 158.55 | 2,655.60 | 85,715.96 | 4,824,805.11 |
| Accrued expenses payable..... | 2,136,374.67 | | 562,816.50 | 1,418,611.97 | 77,666.74 | 4,195,469.88 |
| Due to the Dominion Government: | | | | | | |
| Net surplus resulting from operations..... | | | | | 314,524.87 | 314,524.87 |
| Surplus resulting from operations—Western Division..... | | 17,900,257.86 | 12,189,831.60 | 9,782,186.28 | | 39,872,275.74 |
| Amounts due to and from other Board accounts..... | 2,072,647.47 | 4,377,710.18 | (8,295,925.70) | 5,757,707.45 | (3,912,139.40) | — |
| | \$8,816,455.26 | \$69,427,779.33 | \$24,767,753.80 | \$90,881,969.28 | \$6,865,615.01 | \$200,759,572.68 |

STANDING COMMITTEE

The CHAIRMAN: And the figure at the bottom right-hand corner of Exhibit II, \$39,872,000 odd is the total for the three crop years?

The WITNESS: Yes, and that agrees with the last figure on the previous exhibit.

By Mr. Wright:

Q. And in connection with these crop payments for the various years, it was six cents and fifteen cents and eleven cents?—A. Eleven cents, yes.

Q. It was generally thought that the 1942 payment would be the largest payment because that crop had not been carried as long as the others but the way it worked out the 1942 payment was less than the 1941 payment per bushel.

Mr. McIVOR: But, the initial payments were higher.

Mr. WRIGHT: Oh, yes, the price of 90 cents on the grain then.

The WITNESS: Yes, 90 cents, as against 70.

Mr. PERLEY: The last equalization payment on the 1930 crop is the other one on the left hand side there?

The CHAIRMAN: That is the one mentioned a moment ago, is it not?

Mr. PERLEY: 1930?

The CHAIRMAN: Yes.

Mr. McIVOR: Yes, that is the residue of \$6,600,000.

Mr. MACKENZIE: From what source is the wheat supplied for milling purposes, does that come out of the 1943 crop?

Mr. McIVOR: For domestic milling purposes it is supplied out of crown wheat, where it is purchased for milling for mutual aid purposes but for countries other than mutual aid the mills have to pay the market price, that would be \$1.40 as of yesterday.

The CHAIRMAN: Shall we turn now to Exhibit III? Will you just tell us what that exhibit means, Mr. Findlay?

The WITNESS: Yes, Exhibit III, Mr. Chairman,—if you look at that exhibit you will find that it deals with that special account—P.C. 1803 on coarse grains and drawback account. It shows the total make-up of these figures.

THE CANADIAN WHEAT BOARD

STATEMENT OF ASSETS AND LIABILITIES AND CONSOLIDATION THEREOF
SPECIAL ACCOUNT—P.C. 1803, COARSE GRAINS AND DRAWBACK ACCOUNT

As at 31st July, 1943

| | Special Account P.C. 1803 | Flax Division P.C. 1800 | 1942 Crop Oats and Barley Account P.C. 1801 | 1942 Crop Soybeans Account P.C. 2799 | Drawback Account | Total |
|---|---------------------------------|-------------------------------|--|---|---------------------|----------------|
| ASSETS | | | | | | |
| Stocks of cash grain, etc.: | | | | | | |
| Flax Stocks..... | | \$5,839,647.93 | | | | \$5,839,647.93 |
| Linseed Oil sold but not delivered..... | | 138,203.15 | | | | 138,203.15 |
| | | \$5,977,851.08 | | | | \$5,977,851.08 |
| Funds on deposit..... | | | | | \$ 73,636.54 | 73,636.54 |
| Deposit in transit..... | | | | | 794,035.88 | 794,035.88 |
| Accounts receivable..... | \$ 8,615.16 | 11,476.35 | | | | 20,091.51 |
| | \$ 8,615.16 | \$5,989,327.43 | | | \$ 867,672.42 | \$6,865,615.01 |
| LIABILITIES | | | | | | |
| Liability to banks—demand loans..... | | \$4,795,401.55 | | \$ 1,239.82 | | \$4,796,641.37 |
| —accrued interest thereon..... | | 394.14 | | .10 | | 394.24 |
| —outstanding cheques..... | | 10.04 | | | | 10.04 |
| | | \$4,795,805.73 | | \$ 1,239.92 | | \$4,797,045.65 |
| Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board..... | | 2,989,014.33 | | | | 2,989,014.33 |
| Amount due to Producers on Oats and Barley Equalization fees—P.C. 4450..... | | | \$1,646,144.44 | | | 1,646,144.44 |
| Drawback Account—balance of appropriation..... | | | | | \$ 867,672.42 | 867,672.42 |
| Accounts payable..... | | 85,715.96 | | | | 85,715.96 |
| Accrued expenses payable..... | | 77,666.74 | | | | 77,666.74 |
| Due to the Dominion Government: | | | | | | |
| Net surplus resulting from operations..... | \$ 1,990,310.13 | (1,978,308.44) | 309,238.28 | (6,715.10) | | 314,524.87 |
| Amounts due to and from other Board accounts..... | (1,981,694.97) | 19,433.11 | (1,955,352.72) | 5,475.18 | | (3,912,139.40) |
| | \$ 8,615.16 | \$5,989,327.43 | \$ — | \$ — | \$ 867,672.42 | \$6,865,615.01 |

STANDING COMMITTEE

THE CANADIAN WHEAT BOARD

1939 Crop Account Western Division

STATEMENT OF OPERATIONS

For the period from 1st August, 1939, to 31st July, 1943

| Wheat acquired: | BUSHEL | | AMOUNT | |
|---|----------------|-----------------------|------------------|-------------------------|
| Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver..... | 342,388,146-10 | | \$232,882,375.60 | |
| Purchased from Producers under the Dominion-Provincial Seed Exchange Policy (no Producers' certificates issued) at Board fixed prices..... | 907-20 | 342,389,053-30 | 635.13 | \$232,883,010.73 |
| | | <u>43,886,000-00</u> | | 31,450,150.47 |
| Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices..... | | 3,465,142-05 | | 2,015,319.33 |
| Transferred from 1938 Crop Account in exchange for long futures contracts held on 1939 Crop Account, basis closing market quotations 31st July, 1940..... | | <u>389,740,195-35</u> | | 266,348,480.53 |
| | | <u>389,740,195-35</u> | | |
| Wheat sold: | | | | |
| Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver..... | | 389,740,195-35 | | \$294,431,870.54 |
| Futures contracts exchanged against cash wheat sales..... | 381,903,000-00 | | \$303,305,766.25 | |
| Less: Sales..... | 381,903,000-00 | — | 318,483,178.75 | |
| | | <u>389,740,195-35</u> | | 15,177,412.50 |
| Profit on futures contracts acquired in exchange against completed cash wheat sales..... | | <u>389,740,195-35</u> | | <u>15,177,412.50</u> |
| Net proceeds from sales..... | | | | 309,609,283.04 |
| Surplus on cash wheat transactions..... | | | | <u>\$ 43,260,802.51</u> |

THE CANADIAN WHEAT BOARD—*Concluded*

1939 Crop Account Western Division

STATEMENT OF OPERATIONS

For the period from 1st August, 1939, to 31st July, 1943

| | BUSHELS | AMOUNT | |
|---|---------|------------------|------------------|
| Deduct: Carrying costs, interest, administrative and general expenses, etc. | | | |
| Carrying charges: | | | |
| Carrying charges on wheat stored in country elevators..... | | \$ 10,433,555.28 | |
| Storage on wheat stored in terminal elevators..... | | 11,109,534.13 | |
| Transfer of futures to deferred months..... | | 22,072,357.50 | \$ 43,615,446.91 |
| | | | |
| Interest and bank charges..... | | | 4,405,739.06 |
| Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver..... | | \$ 1,966,993.09 | |
| Less: Freight recovered on shipments to Churchill..... | | 9,760.22 | 1,957,232.87 |
| | | | |
| Additional charges on wheat shipped via Duluth..... | | | 48,622.35 |
| Handling, stop-off and diversion charges on wheat warehoused at interior terminals..... | | | 568,022.49 |
| Drying, reconditioning charges, grade adjustments, etc..... | | | 12,892.06 |
| Brokerage and Clearing Association charges..... | | | 754,482.60 |
| Administrative and general expenses to 31st July, 1942..... | | \$ 661,856.59 | |
| Add: Proportion of administrative and general expenses for the year ended 31st July, 1943..... | | 52,717.94 | 714,574.53 |
| | | | 52,077,012.87 |
| Deficit from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939 to 31st July, 1943..... | | | \$ 8,816,210.36 |

STANDING COMMITTEE

The WITNESS: And Exhibit IV is the statement that Mr. Perley is interested in, the 1939 crop.

The CHAIRMAN: And what is the position of that crop now?

The WITNESS: It has been closed out.

The CHAIRMAN: Showing a loss of \$8,816,210.36?

The WITNESS: Yes.

By Mr. Perley:

Q. After deducting all your carrying charges, we have a breakdown of it there which shows carrying charges on the wheat carried in the country elevators of \$10,000,000; wheat stored in terminal elevators running charges up to \$11,000,000 odd and transfer of futures during these months amounted to \$22,000,000.—A. You mean by the companies?

Q. Yes, could we have a breakdown of that \$22,072,000.—A. No, I haven't got that by companies; you agreed two years ago, or three that the companies would not be mentioned.

Q. Is that the— —A. That the companies would not be disclosed.

Q. I do not think I agreed to that.—A. I think you were in that.

Q. The committee may have.—A. You asked for it, and I brought it here to the attention of the committee and the committee agreed that it should not be tabled.

Q. I said the committee decided that, I did not.—A. You were agreeable to it though.

Q. No. Possibly I cannot ask you to give us a breakdown, could you give us the names of the three largest interested in that?—A. The largest would be the Saskatchewan Pool.

Q. Yes, well then, the next two?—A. The next two I think would be the Alberta pool possibly and the United Grain Growers; they will be in the order of one, two and three.

Q. How many were there altogether?—A. Thirty, including the small independent handlers.

Q. There were more than thirty two years ago.—A. There were thirty-five or six, I think. I am just talking from memory now.

The CHAIRMAN: You are referring to the carrying charges item are you?

Mr. PERLEY: No, to the transfer of futures to deferred months.

The CHAIRMAN: I thought you were referring to carrying charges of company elevators and wheat stored in terminal elevators.

Mr. PERLEY: Can you give us that amount of carrying charges of the elevators, that \$10,000,000 odd?

Mr. FINDLAY: You can take it that the Saskatchewan pool would be roughly 43 per cent of it.

The CHAIRMAN: What is the futures charge there; are those charges allowed together in due time?

The WITNESS: Yes, storage and interest.

The CHAIRMAN: I think perhaps that was what Mr. Perley was interested in finding out.

The WITNESS: The rate now is 1/60th of a cent per bushel per day.

The CHAIRMAN: That is what?

The WITNESS: That is the price at the time we are looking at.

The CHAIRMAN: And it amounts to \$10,433,000 odd?

The WITNESS: Yes.

Mr. PERLEY: I suppose with respect to storage the same thing applies there, the Saskatchewan pool having the greater number of elevators would have the greatest benefit?

The WITNESS: Yes, they get the most of it naturally in Saskatchewan

By Mr. Wright:

Q. In connection with this it says, Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver; and less: freight recovered on shipments to Churchill. With respect to the former it shows an item of \$1,957,232.87; that would be freight on wheat shipped from other points to Fort William, and that is the difference in the rate between those actually paid and what it would have been had it gone through to the coast?—A. Yes, that is from the high differential points and as you know for two years now there have been practically no shipments out to the coast at all.

Q. It says, less freight recovered on shipments to Churchill; that is on shipments to Churchill the freight was less than it would have been to Fort William?—A. Yes, there was a differential in favour of Churchill there.

Q. Why should not points in Saskatchewan which are tributary to Churchill have the same privilege with respect to freight, the same at points in western Saskatchewan and Alberta which are tributary to Vancouver—why are they allowed the freight rate to Vancouver rather than Fort William?

Mr. McIVOR: Well, when this arrangement was originally agreed on Vancouver was a very substantial market for wheat. Churchill has always been very small; you could only get a very small proportion of the wheat tributary to Churchill moved out of Churchill. You could have a larger volume of wheat out of Vancouver.

Mr. WRIGHT: It seems to me that people who are favourably situated geographically to the Churchill port get the same privilege as the people who are situated advantageously with respect to other ports.

The WITNESS: Supposing we tried to do that, how in the deuce could we know whose wheat went to Churchill?

Mr. WRIGHT: How do you know whose wheat goes to Vancouver?

The WITNESS: There would be a very small percentage.

Mr. WRIGHT: You do not know whose wheat it is that goes to Vancouver or Fort William.

The WITNESS: No.

Mr. WRIGHT: The same position exactly would apply in the Churchill area.

The WITNESS: Not as much.

Mr. McIVOR: I think the situation is this, Mr. Wright; that in so far as Alberta is concerned that this agreement was originally decided upon because in fact the price has been fixed the same as Vancouver as at Fort William. When it was originally fixed the bulk of the wheat from the province of Alberta went over to Vancouver. During that period the amount that was going to Churchill, and by that I mean that was grown in favourable areas in relation to Churchill was very small.

Mr. WRIGHT: No, I do not agree with that. I am not so sure that the proportion grown in an area favourable to Churchill is so very different. It is a relatively small area that is located favourably in respect to Churchill; as a matter of fact, it is practically entirely in the province of Alberta and the Selkirk constituencies on the C.N.R. line running from Prince Albert to Hudson Bay Junction. I think that is practically the only area that is really favourably situated with respect to Churchill. But I still do not see why we could not have the same privileges as western Saskatchewan and Alberta because of the opening up of the Churchill port and shipments going out of there. You say

there were no shipments going out of there in recent years; neither were there any going out of Vancouver, nor have there been for some considerable time. On the other hand, when they open up Churchill again there may be an equal proportion of the wheat going through Churchill in proportion to the amount of grain grown in the area.

Mr. McIVOR: Well, Mr. Wright, all I can say is that no doubt you will put forward your arguments in the proper quarter at that time.

The CHAIRMAN: Of course, this was all dealt with in parliament when the Act providing for this differential was before the House.

Mr. McIVOR: I think there was some discussion in parliament, as I recall it.

Mr. FAIR: I remember that Fort William was the only point mentioned at which that concession would apply; those people who ordinarily ship to Vancouver would have the advantage of the Vancouver freight rate even though they did ship their grain down to Fort William. As I recall it those were the only two recognized as shipping points, Churchill was not included.

The CHAIRMAN: Ordinarily would you have a Vancouver quotation for wheat?

Mr. McIVOR: Yes.

The CHAIRMAN: To the same extent would you have a Churchill quotation?

Mr. McIVOR: No.

The CHAIRMAN: So that in the ordinary course of events in trading you get a quotation on Vancouver deliveries and on Fort William deliveries and the differential was made to offset the difference.

Mr. McIVOR: No, I do not know that that is at all relevant. The position in regard to Churchill is that the movement there is very uncertain. As Mr. Wright says, I do not know what the situation will be there in the future. But we are doing and we have done our best, for example, to get wheat out of Churchill during the war. We have made a number of representations in an effort to get wheat out of that port.

Mr. FAIR: Right there, Mr. Chairman, may I interrupt to ask what objection there is in getting out of Churchill?

Mr. McIVOR: The unavailability of shipping and the unavailability of convoys and the danger of putting boats up there in that northern area.

Mr. WRIGHT: Are you building elevators there?

Mr. McIVOR: Not at the present time.

Mr. WRIGHT: Are the ones that are there full?

Mr. McIVOR: No, there was three quarters of a million shipped out of there last Fall and we have not replaced that, we will not refill at the present time. We may refill later on.

The CHAIRMAN: You say there were three quarters of a million bushels shipped out of Churchill last Fall?

Mr. McIVOR: Yes.

The CHAIRMAN: How was it shipped?

Mr. McIVOR: There were some American boats at Churchill which brought in other commodities and we just shipped out of Churchill and it was taken around and delivered in New England for feed, sold to the American government.

Mr. PERLEY: What grades would be in that?

Mr. McIVOR: My recollection is that it was No. 2 Northern that we shipped out of Churchill. We have a variety of grades there but my impression was that they purchased all the low grades, and No. 2 Northern would make up the balance of the shipment.

The WITNESS: Yes.

By Mr. Perley:

Q. I see that your carrying charges down here are much lower than they were in 1940.—A. 1940 of course was a big crop of 395,365,000 bushels.

Q. Yes, in 1940 you had— —A. In 1939 it was 342,000,000 bushels.

Q. Yes, but 50,000,000 more, yet the carrying charges are three times as much.—A. Yes, but the 1940 crop, I just wanted you to get the picture—was carried for a longer period in the country. The 1939 crop moved out very quickly.

By Mr. Fair:

Q. Perhaps Mr. Findlay would answer the question which I asked some time ago in connection with the difference between the 70 cents and the \$1.25 in connection with the 1940 crop.—A. What was your question?

Q. The question was as to the difference between the 70 cents initial payment and the \$1.25 at which the wheat was taken over on the 27th of September, 1943, the farmers have been paid $6\frac{3}{8}$ cents; now, I want to know what has happened to the difference between the 70 cents and the \$1.25?—A. Of course, don't forget Mr. Fair that the 1940 crop was sold over a period of almost four years and in the earlier years the price of it was around 71, 72 and 73 cents; and it was only recently that there was a further amount that we were able to transfer. As I recall the figures at the moment they were something like 89,000,000 on the wheat that went into crown, and at $\$1.23\frac{1}{4}$ cents—

Mr. McIVOR: In other words, Mr. Findlay, there was only 89,000,000 bushels taken over at the 27th of September.

The WITNESS: That is right, that was the unsold position.

Mr. McIVOR: And the balance had been sold over a period of time.

The CHAIRMAN: That is the answer Mr. Fair was looking for.

Mr. FAIR: The trend I think has gone abroad that the situation is somewhat different; the farmers are only getting a payment of $6\frac{3}{8}$ cents and there have been three crops taken over. They know the price at the time of the take-over was \$1.25 and they have a feeling perhaps that the benefit has not been extended to them as generously as it should be. I think instead of the farmers making a profit the general impression is that they are in the hole possibly to the extent of hundreds of millions of dollars; and that, of course, would be an entirely different picture. At any rate, until we have some figures on it, I think the general impression would be that an entirely false picture is being presented, and I just wanted to have your attention directed to that.

Mr. GOLDING: What do you estimate it costs to grow wheat; what do you estimate the cost of producing wheat at?

Mr. FAIR: It is pretty hard to get an average cost; I do not know, it is far above 70 cents.

Mr. GOLDING: What is recognized as an average cost?

Mr. FAIR: That would depend entirely on the size of the farm and the crop year.

Mr. GOLDING: What I am trying to get at is to find out if there is such a thing; I mean, taking into consideration the small farms, the large farms and everything else, I wanted to find out if there is any recognized or established figure as to the cost of producing wheat.

Mr. FAIR: It depends on the farm and the farmer.

Mr. PERLEY: Yes, it depends on the farm and the farmer, moisture conditions, frost, hail, drought, grasshoppers and I do not know how many other things.

Mr. GOLDING: Then when the statement is made that millions of dollars have been lost, what basis do you make that statement on, on what cost is it based?

Mr. FAIR: On conditions, and expenses which the farmer had on that grain.

Mr. MACKENZIE: That is just a general statement, it does not mean anything.

Mr. PERLEY: There is one thing I would like to know, if I may interject at this point; do you propose to sit this afternoon?

The CHAIRMAN: That is up to the committee; I thought perhaps we might meet this afternoon. Could we finish everything by five? I thought perhaps we better take up clause 1 of Exhibit V and then adjourn.

Mr. PERLEY: You can take up the other clauses as well, as far as I am concerned.

Mr. MACKENZIE: But you have not a quorum right now, Mr. Chairman.

The CHAIRMAN: Oh well, that does not matter in this committee.

Could we go back to Exhibit V; what is your pleasure with respect to that?

THE CANADIAN

1940 Crop Account

STATEMENT OF

For the period from 1st August,

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....
 Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....
 Transferred from 1939 Crop Account in exchange for long futures contracts held on 1940 Crop Account, basis closing market quotations 31st March, 1943.....

Wheat sold:

Completed sales at realized prices, basis in store Fort/William/Port Arthur or Vancouver.....
 Uncompleted sales at contract prices less provision for loading costs.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....
 Open futures purchase contracts as at 31st July, 1943.....

Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.....

Surplus on cash wheat transactions.....

Add: Net revenue from processing levy to 31st July, 1943.....
 Additional net revenue to 31st July, 1943.....

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.....
 Storage on wheat stored on farms.....
 Transfer of futures to deferred months.....

Interest and bank charges.....
 Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Additional charges on wheat shipped via Duluth.....
 Handling, stop-off and diversion charges on wheat warehouses at interior terminals.....
 Drying, reconditioning charges, grade adjustments, etc.....
 Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1942.....
 Add: Proportion of administrative and general expenses for the year ended 31st July, 1943.....

Surplus from the operations of the Wheat Board on 1940 Crop Account, Western Division, for the period from 1st August, 1940, to 31st July, 1943.....

EXHIBIT V

WHEAT BOARD

Western Division

OPERATIONS

1940, to 31st July, 1943

| | Bushels | Amount | |
|----------------------|-----------------------|-------------------------|-------------------------|
| | 395,355,522-20 | \$268,264,833.81 | |
| | 2,591,000-00 | 2,104,406.25 | |
| | <u>23,972,719-15</u> | <u>23,287,694.55</u> | |
| | <u>421,919,241-25</u> | <u>\$293,656,934.61</u> | |
| | 357,944,546-30 | \$279,852,462.18 | |
| | <u>122,270-00</u> | <u>110,056.06</u> | \$ 279,962,518.24 |
| | 353,809,000-00 | \$285,367,752.50 | |
| 331,707,000-00 | <u>353,809,000-00</u> | <u>310,071,053.75</u> | |
| <u>22,102,000-00</u> | | | <u>24,703,301.25</u> |
| | | | <u>\$304,665,819.49</u> |
| | 63,852,425-05 | 69,303,360.14 | 373,969,179.63 |
| | <u>421,919,421-35</u> | | <u>\$ 80,312,245.02</u> |
| | | <u>\$ 5,859,068.03</u> | <u>5,860,034.12</u> |
| | | 966.09 | <u>\$ 86,172,279.14</u> |
| | | <u>\$ 31,856,571.36</u> | |
| | | 12,004,971.89 | |
| | | 6,147,547.89 | |
| | | <u>8,474,986.25</u> | <u>\$ 58,483,987.39</u> |
| | | 4,307,949.03 | |
| | | 3,673,271.59 | |
| | | 103,367.32 | |
| | | 146,221.83 | |
| | | 68,519.25 | |
| | | 486,980.07 | |
| | | <u>\$ 863,482.77</u> | |
| | <u>138,242.03</u> | <u>1,001,724.80</u> | <u>68,272,021.28</u> |
| | | | <u>\$ 17,900,257.86</u> |

Mr. WRIGHT: Just a minute, before that carries; this question arises there, with regard to how that \$60,000,000 was made up. I think Mr. Perley was trying to find out the prices the British government were paying for wheat at various times in the last two or three years without success. At that time there may have been some objection, but is there any objection now to giving us the terms of the sales made of the wheat to the British Government, the various sales that were made; that is the only way that we can have any conception of whether these accounts are correct or not, which we could do if we knew exactly what the sales were made at.

Mr. McIVOR: Well, Mr. Wright, we have never had any objection to telling the members of the committee how these sales were made; the objection came from the British government. If it is the desire of this committee that I should reopen that by cable to the British government, I shall be glad to do so.

Mr. WRIGHT: The deals are all through now and we are in a different position entirely.

Mr. McIVOR: Yes, I think there is a great deal in what you say with regard to that; the fact is, as you know from the evidence, it has been objected to in the past.

Mr. WRIGHT: Yes, I know.

Mr. McIVOR: We asked the British for consent to show these contracts last year and they cabled back and said no, they did not want the price disclosed. I do not know whether they still maintain that objection or not; but whether we want to reopen the question by cable or not it is a matter which is up to the committee. I want to say again right here that we have no objection to disclosing it. I do not believe, Mr. Chairman, the way things stand now that we can go ahead unless we had their permission.

The CHAIRMAN: No, I do not think so, and they might feel even at this stage that they should not have any reason for disclosing it, anymore than they did earlier.

Mr. WRIGHT: I do not agree to that. I think the situation is changed entirely due to the manner in which they are now buying wheat. I do not see how we can check these accounts without knowing those figures. We have to just take your word for it otherwise.

Mr. McIVOR: Of course, all our accounts are audited, Mr. Wright, by a competent firm of auditors; nevertheless if it is the wish of the committee that I cable and ask the appropriate ministry of the British government if these contracts may now be filed with the committee—I can assure you that I have no objection, it is a question of what you want to do.

Mr. GOLDING: What would be accomplished in any event, Mr. Wright?

Mr. WRIGHT: We could see exactly how this \$60,000,000 is made up, how it came to be only \$60,000,000.

The WITNESS: Only, that is a lot of money.

Mr. WRIGHT: Yes, but if the wheat had been sold at a higher price, of course it would have been greater. We want to know exactly what our wheat is being sold at during the various years.

Mr. McIVOR: It was sold at the market, Mr. Wright; in some cases over the market; and I can assure you that we were very glad to have these sales at that time.

Mr. WRIGHT: That answers this, if it was sold at the market.

Mr. McIVOR: At the market or over.

The WITNESS: Or over.

Mr. WRIGHT: That is the Winnipeg market?

Mr. McIVOR: Yes, and I can assure you that with the wheat we had in this country we were very glad to see these sales made of our wheat.

Mr. MacKENZIE: I want to get this thing clear before you go any further, in regard to the wheat which was taken over and the wheat supplied on mutual aid to the millers and so on; do I understand that this was crown wheat that was taken over in 1943; there was none of the 1943 crop going to the mills for mutual aid account—what I want to be absolutely sure about is that the two accounts are kept separately; is that right?

The WITNESS: Separately, yes.

The CHAIRMAN: I am going to propose the committee adjourn, and if you are agreeable to meeting at 4 o'clock this afternoon—

Mr. McIVOR: What is the wish of the committee on this matter that has been raised?

The CHAIRMAN: I think Mr. Wright is satisfied with the answer he got.

Mr. WRIGHT: I will not press the question further after Mr. McIvor's statement that it was sold at the market or better.

Mr. McIVOR: At the market, or higher than the market.

Mr. FAIR: I think though, Mr. Chairman, it would be very interesting to get the reason of the source of the objection to giving that information to the committee.

The CHAIRMAN: That has been given right along.

Mr. McIVOR: The information has been given that the British government did not want to give that information here.

Mr. FAIR: I want to know, I think a lot of the people want to know, why the British government object to giving it; I think they want to be assured that there has been no collusion, they want to know that everything has been fair and above board.

The CHAIRMAN: I do not think that is a fair explanation to make at all.

Mr. FAIR: I think quite a few people would like to know the details in connection with it, and I think it is only right and proper that the farmer should know it, and that we should know it as a committee.

Mr. McIVOR: I think I can assure you on that point, there is no collusion in any of these purchases; as a matter of fact we urged them to let us release the information last year, and their cabled reply was placed in the records of the committee.

Mr. FAIR: I am not saying that that was the case; there are other factors that entered into it, but I think they have a right to know and I want you to understand that I am not in any way attacking this board or any one.

Mr. HENDERSON: I think we can accept it as a fact that they had good and sufficient reasons for not wanting the information released, and I for one can understand why they would pay over the market in order to get it, particularly in view of the situation in the Argentine and other countries where there were large surpluses at the time—that might have caused them some embarrassment at home.

Mr. FAIR: Yes, there is something else to be said there...

The CHAIRMAN: The committee stands adjourned until this afternoon at 4 o'clock.

AFTERNOON SESSION

The Committee resumed at 4 o'clock p.m.

The CHAIRMAN: Well, gentlemen, we will come to order and proceed from where we left off this morning. I believe we completed Exhibit V and we will turn to Exhibit VI.

EXHIBIT VI

THE CANADIAN

1941 Crop Account

STATEMENT OF

For the period from 1st August,

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of 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.....

Uncompleted sales at contract prices.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Open futures purchase contracts as at 31st July, 1943.....

Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.....

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.....

Storage on wheat stored on farms.....

Transfer of futures to deferred months.....

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.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1942.....

Add: Expenses chargeable to 1941 Crop paid in 1942 crop season.....

Proportion of administrative and general expenses for the year ended 31st July, 1943...

Surplus from the operations of the Wheat Board on 1941 Crop Account, Western Division, for the period from 1st August, 1941, to 31st July, 1943.....

WHEAT BOARD

Western Division

OPERATIONS

1941, to 31st July, 1943

| Bushels | | Amount | |
|----------------------|----------------------|------------------------|------------------------|
| | <u>99,540,491-20</u> | | <u>\$65,878,307.19</u> |
| 77,010,524-00 | | \$60,255,631.12 | |
| 1,700-00 | 77,012,224-00 | 1,899.12 | \$60,257,530.24 |
| <u>74,923,000-00</u> | | <u>\$62,585,840.00</u> | |
| 66,984,000-00 | | | |
| <u>7,939,000-00</u> | <u>74,923,000-00</u> | <u>67,298,213.75</u> | |
| | | 4,712,373.75 | |
| | | <u>\$64,969,903.99</u> | |
| | 22,528,267-20 | 24,761,121.92 | 89,731,025.91 |
| | <u>99,540,491-20</u> | | <u>\$23,852,748.72</u> |
| | | \$ 7,121,047.91 | |
| | | 833,346.88 | |
| | | 648,637.37 | |
| | | 1,090,333.75 | \$ 9,693,365.91 |
| | | 204,360.24 | |
| | | 1,205,985.84 | |
| | | 24,898.18 | |
| | | 8,878.44 | |
| | | 100,162.41 | |
| | | \$ 387,388.71 | |
| | | 304.51 | |
| | | <u>37,542.88</u> | <u>425,236.10</u> |
| | | | <u>11,662,887.12</u> |
| | | | <u>\$12,189,831.60</u> |

Mr. PERLEY: I had some questions that would not apply to Exhibits V, VI and VII. I do not propose to ask any questions on them but when they are carried I want to ask Mr. McIvor one or two questions of a general nature, covering the whole three.

The Chairman: Shall we proceed then with Exhibit VII?

EXHIBIT VII

THE CANADIAN

1942 Crop 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 Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Uncompleted sales at contract prices less provision for loading costs.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Open futures purchase contracts as at 31st July, 1943.....

Loss on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.....

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.....

Transfer of futures to deferred months.....

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.....

Brokerage and Clearing Association charges.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1942 Crop Account, Western Division, for the year ended 31st July, 1943.....

WHEAT BOARD

Western Division

OPERATIONS

31st July, 1943

| Bushels | | Amount | |
|---------------------|-----------------------|------------------------|------------------------|
| | <u>167,506,531-45</u> | | <u>\$ 139,689,533.</u> |
| 79,848,353-45 | | \$ 71,121,986.28 | |
| <u>165,912-00</u> | 80,014,265-45 | 158,872.73 | \$71,280,859.01 |
| 75,551,000-00 | | <u>\$73,662,193.75</u> | |
| 73,747,000-00 | | | |
| <u>1,804,000-00</u> | 75,551,000-00 | — | <u>71,539,537.50</u> |
| | | | <u>2,122,656.25</u> |
| | | | \$69,158,202.76 |
| | <u>87,492,266-00</u> | | <u>90,606,049.44</u> |
| | <u>167,506,531-45</u> | | <u>159,764,252.20</u> |
| | | | <u>\$20,074,713.53</u> |
| | | \$ 9,184,484.16 | |
| | | 94,878.67 | |
| | | (1,119,462.50) | \$ 8,159,900.33 |
| | | | 140,615.19 |
| | | | 1,313,032.93 |
| | | | 24,454.88 |
| | | | 5,368.83 |
| | | | 80,924.20 |
| | | | <u>568,230.89</u> |
| | | | 10,292,527.25 |
| | | | <u>\$ 9,782,186.23</u> |

THE CANADIAN WHEAT BOARD
Special Account—P. C. 1803
STATEMENT OF OPERATIONS
For the period from inception (16th March, 1942) to 31st July, 1943

| | Bushels | Amount |
|---|----------------------|------------------------|
| Wheat acquired: | | |
| Delivered through the Clearing Association against long futures contracts at prevailing market prices..... | 28,366,000-00 | \$21,800,796.59 |
| Purchased at prevailing market prices..... | 189,993-40 | 145,666.13 |
| | <u>28,555,993-40</u> | <u>\$21,146,462.72</u> |
| Wheat sold: | | |
| Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver..... | 28,555,993-40 | \$ 23,489,913.46 |
| Futures contracts: | | |
| Purchased..... | 51,930,000-00 | |
| Exchanged against cash wheat sales..... | 27,792,000-00 | |
| | <u>79,722,000-00</u> | <u>\$66,039,610.00</u> |
| Less: Sales..... | 79,722,000-00 | 67,704,376.25 |
| | <u>79,722,000-00</u> | <u>67,704,376.25</u> |
| Profit on futures contracts purchased and acquired in exchange against completed cash wheat sales..... | | 1,664,766.25 |
| Profit on cash wheat transactions subsequent to 31st July, 1942, in process of adjustment, incident to the change in the price level..... | | 259,235.55 |
| | | <u>25,413,915.26</u> |
| Net proceeds from sales and futures transactions..... | | 25,413,915.26 |
| Surplus on cash wheat and futures transactions..... | | \$ 3,467,452.54 |
| Deduct: Carrying costs, interest, administrative and general expenses, etc. | | |
| Carrying charges: | | |
| Storage on wheat stored in terminal elevators..... | | \$ 533,568.68 |
| Transfer of futures to deferred months..... | | 703,776.25 |
| | | <u>\$ 1,237,344.93</u> |
| Interest and bank charges..... | | 98,939.19 |
| Adjustment of grades with terminals..... | | 205.72 |
| Brokerage and Clearing Association charges..... | | 63,720.79 |
| Administrative and general expenses to 31st July, 1942..... | | \$ 50,528.96 |
| Add: Proportion of administrative and general expenses for the year ended 31st July, 1943..... | | 26,402.82 |
| | | <u>76,931.78</u> |
| | | <u>1,477,142.41</u> |
| Surplus from the operations of the Wheat Board— Special Account, P.C. 1803, for the period from 16th March, 1942, to 31st July, 1943..... | | <u>\$ 1,990,310.13</u> |

THE CANADIAN WHEAT BOARD

Flax Division—P.C. 1800

STATEMENT OF OPERATIONS

For the period from 19th March, 1942, to 31st July, 1943

ЕХИВІТ ІХ

| | Bushels | | Amount |
|---|----------------------|----------------|------------------------|
| Flax acquired: | | | |
| Delivered or to be delivered at Board fixed prices basis in store Fort William/Port Arthur or Montreal..... | 13,299,585-42 | | \$28,471,630.07 |
| Flax sold: | | | |
| Completed sales at realized prices basis in store Fort William/Port Arthur or Montreal..... | 10,372,221-00 | | \$21,227,613.61 |
| Futures trades liquidated under authority of P.C. 1800 of 9th March, 1942: | | | |
| Purchases..... | 1,116,000-00 | \$1,830,240.00 | |
| Sales..... | 1,116,000-00 | 1,830,240.00 | — |
| Stocks of flax on hand, valued on the basis of Board fixed prices established as at 31st July, 1943, basis in store Fort William/Port Arthur or Montreal..... | 2,927,364-42 | \$6,454,037.28 | |
| Deduct: Provision for stocks to be sold to domestic crushers and processors at maximum prices—P.C. 1800..... | | 614,389.35 | 5,839,647.93 |
| | <u>13,299,585-42</u> | | |
| Linseed Oil: | | | |
| | Pounds | | |
| Export sales at contract prices including U.S. exchange: | | | |
| Completed sales..... | 2,085,981 | \$ 248,938.54 | |
| Uncompleted sales..... | 1,160,726 | 138,203.15 | |
| | | | |
| Purchases at cost, including export freight..... | 3,246,707 | \$ 387,141.69 | |
| | 3,246,707 | 280,305.24 | 106,836.45 |
| Net proceeds from sales..... | | | 27,174,097.99 |
| Deficit on cash flax and linseed oil transactions..... | | | \$ 1,297,532.08 |
| Add: Carrying costs, interest, administrative and general expenses, etc. | | | |
| Carrying charges: | | | |
| Carrying charges on flax stored in country elevators..... | | \$ 270,742.87 | |
| Storage on flax stored in terminal elevators..... | | 151,727.31 | \$ 422,470.18 |
| Interest and bank charges..... | | | 175,287.69 |
| Dockage on special shipments via Fort William/Port Arthur..... | | | 34,221.85 |
| Handling and stop-off charges..... | | | 570.36 |
| Drying, reconditioning charges, etc..... | | | 1,643.23 |
| Brokerage charges..... | | | 6,202.84 |
| Administrative and general expenses to 31st July, 1942..... | | \$ 6,316.12 | |
| Add: Proportion of administrative and general expenses for the year ended 31st July, 1943..... | | 34,064.09 | 40,380.21 |
| Deficit from the operations of the Wheat Board, Flax Division—P.C. 1800, for the period from 19th March, 1942, to 31st July, 1943..... | | | 680,776.36 |
| | | | <u>\$ 1,978,308.44</u> |

AGRICULTURE AND COLONIZATION

THE CANADIAN WHEAT BOARD
1942 CROP OATS AND BARLEY ACCOUNT—P.C. 1801
STATEMENT OF OPERATIONS
For the year ended 31st July, 1943

EXHIBIT X

110

STANDING COMMITTEE

| | BUSHELS | | AMOUNT | | | Net Total |
|--|---------------|---------------|-----------------|-----------------|-----------------|---------------|
| | Oats | Barley | Oats | Barley | Total | |
| Oats and Barley acquired: | | | | | | |
| Purchased at prevailing market prices basis in store Fort William/Port Arthur..... | 562,645-10 | 2,261,429-34 | \$ 248,460.71 | \$ 1,289,948.44 | \$ 1,538,409.15 | |
| Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices..... | 3,490,000-00 | 1,785,000-00 | 1,524,456.01 | 1,026,306.74 | 2,550,762.75 | |
| | 4,052,645-10 | 4,046,429-34 | \$ 1,772,916.72 | \$ 2,316,255.18 | \$ 4,089,171.90 | |
| Oats and Barley sold: | | | | | | |
| Completed sales at realized prices basis in store Fort William/Port Arthur..... | 4,052,645-10 | 4,046,429-34 | 1,777,428.16 | 2,330,159.11 | 4,107,587.27 | |
| Profit on cash grain transactions..... | | | | | | \$ 18,415.37 |
| Oats and Barley futures contracts: | | | | | | |
| Purchased at prevailing market prices..... | 26,356,000-00 | 17,448,000-00 | \$12,527,866.25 | \$10,942,023.75 | \$23,469,890.00 | |
| Exchanged against cash grain sales..... | 2,193,000-00 | 1,476,000-00 | 1,034,531.25 | 893,502.50 | 1,928,033.75 | |
| | 28,549,000-00 | 18,924,000-00 | \$13,562,397.50 | \$11,835,526.25 | \$25,397,923.75 | |
| Futures sales..... | 28,549,000-00 | 18,924,000-00 | 13,803,126.25 | 11,970,453.75 | 25,773,580.00 | |
| Profit on futures transactions..... | | | | | | 375,656.25 |
| Surplus on cash grain and futures transactions.. | | | | | | \$394,071.62 |
| Deduct: Carrying costs, interest, administrative and general expenses, etc. | | | | | | |
| Carrying charges: | | | | | | |
| Storage on grain stored in terminal elevators..... | | | | | \$ 25,123.22 | |
| Transfer of futures to deferred months..... | | | | | 4,276.25 | |
| | | | | | \$ 29,399.47 | |
| Interest and bank charges..... | | | | | 131.95 | |
| Brokerage and Clearing Association charges..... | | | | | 27,583.34 | |
| Administrative and general expenses..... | | | | | 27,718.58 | 84,833.34 |
| Surplus from the operations of the Wheat Board on 1942 Crop Oats and Barley Account—P.C. 1801, for the year ended 31st July, 1943..... | | | | | | \$ 309,238.28 |

By Mr. Perley (To Mr. McIvor):

Q. What is the date of that Order in Council?—A. The date of the Order in Council?

Q. Yes.—A. I think it is stated here in the preamble.

Q. That is an indication of the position last year?—A. Yes.

Mr. McNEVIN: Would you mind reverting to Exhibit IX; I would like to know how the stocks of flax on hand at the present time compare with the previous year?

The WITNESS: You mean the stocks on hand?

By Mr. McNevin:

Q. The stocks of flax as of the date of your report?—A. The stocks were heavier; I haven't the figures but they were heavier as at the date of this report.

The CHAIRMAN: Exhibit XI—1942 Crop Soybeans accounts, P.C. 2799.

THE CANADIAN WHEAT BOARD
1942 CROP SOYBEANS ACCOUNT—P.C. 2799
STATEMENT OF OPERATIONS
For the year ended 1st July, 1943

| | Bushels | Amount |
|---|------------------|--------------------|
| Soybeans acquired: | | |
| Delivered at established prices basis Toronto..... | <u>90,900-05</u> | \$175,080.67 |
| Soybeans sold: | | |
| Completed sales at realized prices basis Toronto rail domestic freight rates..... | <u>90,900-05</u> | 175,381.50 |
| Surplus on cash soybeans transactions..... | | \$ 300.83 |
| Deduct: Carrying costs, interest, administrative and general expenses, etc. | | |
| Carrying charges: | | |
| Carrying charges on soybeans stored in country elevators..... | | \$ 186.67 |
| Storage on soybeans stored in terminal elevators..... | | 733.75 |
| Interest and bank charges..... | | 162.63 |
| Handling, stop-off charges, etc..... | | 84.78 |
| Administrative and general expenses..... | | <u>5,848.10</u> |
| Deficit from the operations of the Wheat Board on 1942 Crop Soybeans Account—P.C. 2799, for the year ended 31st July, 1943..... | | <u>\$ 6,715.10</u> |

If there are no comments or observations to be made with respect to this exhibit, what is your pleasure?

Exhibit carried.

Mr. WRIGHT: What is the commercial price of soybeans now; it is over your soybean price?

Mr. McIVOR: I think it is just about the guaranteed price; it was over but it is I think only slightly above.

The CHAIRMAN: Then we have completed a review of the tables included with the report of the Canadian Wheat Board. There are two or three general questions which are still to be answered or commented upon. I presume it would be in order to proceed with them now.

Mr. PERLEY: Mr. Chairman, I was going to ask a few questions and perhaps Mr. McIvor could give some of the answers right now and if he could not give them all, he could finish them later on.

By Mr. Perley:

Q. Have we got all the agreements up to date; or can we ask for the agreements that were made since the date of this report?—A. Yes.

Q. Are there any new agreements other than what was tabled last year?—A. There is the elevator agreement, Mr. Perley, and the shippers' agreement. Do I understand that you want to know if there have been any new agreements since last year?

Q. Yes.—A. There is the elevator agreement and the shippers' agreement.

Q. Would it be all right to ask you to table them, we haven't got them?—A. Yes, we will table them.

Q. Are there any other particular changes in respect to the agreements heretofore that we have had?—A. Well, in general the agreement is very similar to last year's agreement except in the case of the elevator agreement. There are only certain companies who have signed the agreement; the pools have signed, the Ogilvy Milling Company, Canada West Grain Company and the Scottish Cooperative Wholesale Society and a number of small elevator companies.

Q. How about the other companies, how are you dealing with them, the other companies operating under it; how about them?—A. They are operating under the same arrangement that exists between the Board and the pools and the companies I mentioned, except that the agreement has not been signed.

Q. What did you do with them?—A. I think, Mr. Chairman, I perhaps better give the committee a review of that situation.

Q. Pardon me; did you have a meeting with the elevator association?—A. Yes.

Q. And at that meeting did they not make certain proposals?—A. Yes.

Q. And you agreed with some of them, but with some of them you did not?—A. That is right.

Q. I think perhaps there is just a little misunderstanding that they did not all come in under it.

The CHAIRMAN: I think the chairman of the board should give a brief statement with respect to the elevator agreement, it is one of those things which has been of interest each year.

Mr. McIVOR: Yes. I would like to start at the outset of the negotiation with the elevator companies and I would like to give you a review of the situation from the start. The first agreement that was signed, that was agreed to but not actually signed, between ourselves and all the elevator companies provided for a storage rate of 1/50 of a cent in terminal elevators and country elevators. The board at that time stated that they would have the right to reopen this question provided there was any major change in marketing operations.

Mr. WRIGHT: When was that?

Mr. McIVOR: That was in the month I think of September.

Mr. WRIGHT: Of 1940—

Mr. McIVOR: 1943. The major change—of course, it was either August or September—I speak entirely from memory and I would not like to be held down to dates—the major change that the board had in mind, and mind you at that time we had no intimation as to what the change in the market situation would be—but we had in mind that if it came about that here was a major change in marketing, common prudence would make it necessary for us to say to the elevator companies that in that event we would have to reopen the question of an agreement. After the board took over all the wheat in Canada we had a proposal from the pools that the carrying charge should be based on $\frac{1}{60}$ of a cent per bushel per day for both terminals and country elevators. We considered the other companies at that time felt that the rate should be $\frac{1}{50}$, in other words that the 50th rate, be continued for both terminal and country elevator facilities. We considered the whole question very carefully and it was our judgment that the rate of $\frac{1}{60}$ on the terminals was not justified because there was practically no wheat stocks in the terminals, they were very short; but we did feel in view of the stock position in the country that the rate of $\frac{1}{60}$ should apply to country elevators. We therefore made a counter proposal to the pools, the United Grain Growers and the Line elevator companies of $\frac{1}{60}$ in country elevators and $\frac{1}{50}$ in terminals, with the exception of the Vancouver terminal where the rate was $\frac{1}{60}$ as agreed to last year; that position would be maintained. Some elevator companies that is, the North West Line Elevator Association Companies and the United Grain Growers, declined the Board's proposal. The pools accepted it. Subsequently the companies I have mentioned, that is The Ogilvy Milling Company, the Scottish Cooperative Wholesale Society and the Canada West Grain Company and a number of small companies have agreed to a rate of $\frac{1}{60}$ in the country elevators and $\frac{1}{50}$ in the terminals. So summarizing the position we have at the present time a contract with the pools, with the Ogilvy Milling Company, the Scottish Cooperative Wholesale Society and the Canadian West Grain Company based on a rate of $\frac{1}{50}$ in terminals and $\frac{1}{60}$ in country elevators with the exceptions I have noted previously. The Line elevator companies asked us if we would have any objection to them appealing to the wheat committee of the cabinet; we of course had none at all. The appeal was made to the wheat committee of the cabinet and the wheat committee of the cabinet decided that a rate of $\frac{1}{50}$ in terminals and $\frac{1}{60}$ in country elevators was in their judgment a fair proposition. Now, the reason that the contract is being held up for signature at the present time is that there was some argument between our solicitor and the solicitor representing the Line elevator companies as to the particular clause relating to the question of carrying charges. My understanding is that the solicitor for Line elevator companies is asking that the clause be phrased in such a way that it would be stated that they would be paid the legal rates—I do not want you to accept this as the exact legal phraseology, I am just giving you an outline of the situation—whereas our solicitor feels that the clause should spell out the rates definitely, which is as it is in the agreements that have been signed. That is the position, I cannot add anything more to it. Now, I want to say this, the wheat is being handled by these companies on a basis of $\frac{1}{60}$ in the country and $\frac{1}{50}$ at the terminals under protest.

By Mr. Wright:

Q. Just why would you not accept the offer of $\frac{1}{60}$ in the terminals?—A. Our view was—and I do not know, the pools can speak for themselves—but our view is that it is our job to agree on a fair contract. We felt that in view of the small stocks of wheat in the terminals that $\frac{1}{60}$ was too low.

Q. They were prepared to do it for that and I do not see why you should be working for their protection.

Mr. McIVOR: Well, they have not objected to signing a contract on the basis of a fiftieth and sixtieth.

Mr. WRIGHT: Naturally not, but is it good business on the part of the board not to make the best deal they can get?

Mr. McIVOR: The only thing I can say is that in the judgment of the board the contract was a fair contract. If this committee feels the board have erred that is, of course, up to you to say so.

Mr. PERLEY: You are still paying the other fellow this rate?

Mr. McIVOR: Yes.

Mr. PERLEY: They are settling it under protest?

Mr. McIVOR: Yes.

Mr. PERLEY: When will that likely be settled?

Mr. McIVOR: I do not know.

The CHAIRMAN: For this crop year it is settled now.

Mr. McIVOR: I think Mr. Perley's question is when will the contract be signed. I do not know as to that.

Mr. PERLEY: The wheat committee of the cabinet are not using any methods or dictating at all?

Mr. McIVOR: Pardon?

Mr. PERLEY: They have just left it more or less with the board?

Mr. McIVOR: Yes.

Mr. PERLEY: Are there any other agreements now with exporters, or any other agreements?

Mr. McIVOR: Yes, there is a shippers' agreement. Have we got that finalized yet? We have an agreement with the shippers that covers the movement of wheat from the lakehead to the seaboard as outlined in the previous discussion in the committee, which agreement we will be glad to table with the committee. Is it the wish of the committee we should table copies of the agreements with the elevator companies that have been signed? We will be very glad to do that if it is the wish of the committee.

The CHAIRMAN: Otherwise they are the same as the previous agreements?

Mr. McIVOR: Practically.

Mr. PERLEY: It would be all right to table them. They will go in the record. That is all right.

The CHAIRMAN: Is it the wish of the committee to have these agreements filed with the clerk? What about the shipping agreement you were speaking of? Have you that?

Mr. McIVOR: We will file that with the committee.

The CHAIRMAN: Are there any questions you want to ask regarding the shipping agreement?

Mr. PERLEY: No, I think not.

The CHAIRMAN: Have you something more you want to inquire about?

Mr. PERLEY: Yes, I have a few other things here. I do not want to interrupt anybody else. Can you give us a list of your agents? That is all the agents representing the board. You have one in Liverpool whom you mentioned.

Mr. McIVOR: No, I did not, I am sorry. I said we had a commissioner in London, not an agent in Liverpool. He is R. V. Biddulph.

Mr. PERLEY: Have you agents in any of the other countries?

Mr. McIVOR: We have recently appointed a representative in Washington, Mr. W. C. Macnamara. They are the only two representatives we have abroad.

Mr. PERLEY: What salary do they get? How do you pay them?

Mr. McIVOR: I do not think I would wish to submit to the committee the salaries of our employees.

Mr. WRIGHT: Coming back to the storage question was it a question of bidding for the privilege of storing board wheat at 1/60th of a cent as compared to 1/50th?

Mr. McIVOR: No. You see, what happens in regard to this agreement is we have to make arrangements for handling of all the wheat with the pools, United Grain Growers and other elevator companies. We sit down as a board from year to year and examine what we think is a fair proposal based on the information we have. It was our judgment that the rate of a fiftieth in the terminals and a sixtieth in the country elevators was a fair proposal.

Mr. WRIGHT: What I am getting at is this; if the other fellow who is rendering the service thinks that a sixtieth of a cent is sufficient I do not see why the man who is paying for the service should say, "No, that is not enough; I have got to give you more".

Mr. McIVOR: I think the board have a responsibility in arranging what we figure are fair contracts.

Mr. WRIGHT: I still think that the principle of the government accepting the lowest bid for services should be maintained.

Mr. McIVOR: Provided they can give you all services. Remember there is only a portion of the wheat handled through the pools. We have to make a contract to cover all of the producers.

Mr. WRIGHT: Perhaps the pool terminals could have handled all of the wheat?

Mr. McIVOR: At times they seem to be having a little difficulty handling their own.

Mr. WRIGHT: Not when you say that the terminal elevators at the present time are empty.

Mr. McIVOR: Yes, but the question of unloading and all that sort of thing enters into it, and loading out.

The CHAIRMAN: Any other questions, Mr. Perley?

Mr. PERLEY: Will Mr. McIvor tell us how many inspectors you have got at the present time inspecting in western Canada?

Mr. McIVOR: Do you know how many we have, Mr. Davidson?

The CHAIRMAN: What do you mean by inspectors?

Mr. PERLEY: Inspectors inspecting the delivery of grain and the permit system.

Mr. McIVOR: Thirteen.

Mr. PERLEY: Would you mind giving us a list of them, and what was their previous occupation?

Mr. McIVOR: I can get that for you, Mr. Perley. I have not that at hand. I do not think we have that here. We would have arranged to bring it here. I think that question was answered in the house. I think you asked the question.

Mr. PERLEY: It was not answered just the way I expected and did not give us the previous occupation. Perhaps you can tell us this offhand. How many of them were former brokers or commission men on the exchange?

Mr. McIVOR: I think two.

Mr. PERLEY: Only two?

Mr. McIVOR: I think so.

Mr. PERLEY: Can you give the committee some information with respect to these international wheat conferences you have been attending?

Mr. McIVOR: I have not been attending any of the recent conferences.

Mr. PERLEY: Did you not return from Britain not long ago?

Mr. McIVOR: Yes.

Mr. PERLEY: Have you any information you care to give to the committee that might help the committee at all?

Mr. McIVOR: I went over to Britain largely in connection with my work as chairman of the Cereals Committee of the Combined Food Board. Most of our discussions were of a highly—I should not say secretive . . .

Mr. HENDERSON: Confidential.

Mr. McIVOR: Confidential nature concerning the movement of grain and questions that were raised at the committee this morning. I had a very satisfactory visit with the British officials, saw various members of the British Ministry of Food, including the minister himself, and had a general discussion with them with regard to the supplying of wheat from this country and other countries, the probable demands, availability of shipping, and all questions of that nature.

Mr. PERLEY: Does all the grain supplied under mutual aid go through the British office?

Mr. McIVOR: It goes through the British Ministry of Food, yes, for the United Kingdom.

Mr. PERLEY: There is another matter or two I wanted you to give us a little information on. I do not know whether you noticed *Hansard* of March 13th where I asked Mr. MacKinnon a question with respect to the basis on which they arrived at some of the prices. Did you see his answer?

Mr. McIVOR: I do not recall it, Mr. Perley. I may have seen it, but I do not recall it now.

Mr. PERLEY: I wish you had seen it and could give us some information.

Mr. McIVOR: Have you the answer there?

Mr. PERLEY: Yes, I have the page out of *Hansard*.

Mr. McIVOR: The question was:

On what basis is the price of wheat sold to the United States arrived at?

I think that was covered this morning.

Mr. PERLEY: Just read his answer there.

Mr. McIVOR:

The basis is the differential between the values of wheat in Canada and the United States. The prices are issued daily to exporters and mills and are in force from 1.15 p.m. to 9.30 a.m. the following day, except on Saturdays when they are in force from 12 noon until 9.30 a.m. the following market day.

Mr. PERLEY: Will you explain why it is necessary to have those hours? There is no trading, no open market?

Mr. McIVOR: All of this dealing is carried on with an American government agency and they have to make arrangements for tonnage, and one thing and another, and they require these prices to be open for a period of time.

Mr. PERLEY: Yet there is no trading in Winnipeg.

Mr. McIVOR: No.

Mr. PERLEY: They insist on that. Those are the hours that prevail in Chicago when they are trading there?

Mr. McIVOR: No, I think the hours in Chicago are 9.30 in the morning until 1.15.

Mr. PERLEY: Winnipeg is the same time.

Mr. McIVOR: No, "prices are issued daily to exporters and mills and are in force from 1.15 p.m. to 9.30 a.m. the following day." The Chicago market is open from 9.30 to 1.15.

Mr. PERLEY: They close at 1.15, and the prices they close at prevail until the next day when they open?

Mr. McIVOR: Oh, no, they do not. You cannot get wheat in Chicago after the close of the market.

Mr. PERLEY: But that price market when they close that day prevails until the next day?

Mr. McIVOR: To whom does it prevail?

Mr. PERLEY: That price holds until the next day it opens.

Mr. McIVOR: That means nothing as far as I am concerned.

Mr. PERLEY: It is the same system employed in the Winnipeg market.

Mr. McIVOR: That system was never employed in the Winnipeg market except in regard to purchases in the country.

Mr. PERLEY: I have sold grain on the Winnipeg market fifteen minutes before the market opened, lots of it. In fact, I used to wait until I got the cables from Britain before I would sell my grain. I could always get the previous day's close up until fifteen minutes before the market opened.

Mr. McIVOR: What is your point? I do not understand it.

Mr. PERLEY: I want to know why they have to have any hours set. If the wheat board is in control you deliver wheat to the exporters and why do you have to have these hours?

Mr. McIVOR: Because we are sellers of wheat and an American government agency, the Commodity Credit Corporation, are buyers. It cannot be a one-way street. You have got to fit your offerings in with your buyers or you will not sell wheat. They have to have that open in order that they can get lake tonnage and all that sort of thing. There is nothing sinister in it; I assure you of that.

Mr. PERLEY: The point is that the Chicago fellows you are selling it to are using the Chicago market for their protection.

Mr. McIVOR: Mr. Perley, you asked me that question this morning. I told you the only wheat that was going to the United States was being sold to the Commodity Credit Corporation, a department of the American government, and being used for feed and not going on the Chicago market.

Mr. WRIGHT: You stated the quota sold to the exporters?

Mr. McIVOR: Yes.

Mr. WRIGHT: Now you are saying it is sold directly?

Mr. McIVOR: No, it is sold eventually to the Commodity Credit Corporation but the exporters sell it to the Commodity Credit Corporation.

Mr. WRIGHT: You sell it to the exporters?

Mr. McIVOR: Yes.

Mr. PERLEY: The Commodity Credit Corporation are using the open market in Chicago the same as you did prior to the 21st of September last.

Mr. McIVOR: They are using it only on American wheat.

Mr. PERLEY: They are using it just the same as some of the Winnipeg grain men are now using the rye market to trade in. Of course, that is not a question you would answer at all. I was going to say it might be interesting to know how many times they bought and sold the western rye crop.

Mr. McIVOR: We do not handle rye.

Mr. PERLEY: The principle is what I am getting at.

Mr. McIVOR: Are you objecting to a sale by the Canadian Wheat Board to a department of the American government?

Mr. PERLEY: No, not at all.

Mr. McIVOR: I cannot see your point.

Mr. PERLEY: I am wondering why you have to have a certain price prevailing during a certain time.

Mr. McIVOR: For the convenience of the people who buy our wheat.

Mr. PERLEY: And who are using another market.

Mr. McIVOR: That is a very grave charge to make.

Mr. PERLEY: A charge?

Mr. McIVOR: If you are charging that the American government are buying our Canadian wheat and reselling it on the Chicago market I say that is a very grave charge.

Mr. PERLEY: What is there to stop it?

Mr. McIVOR: Just the good faith of the American government.

Mr. PERLEY: Surely; I know.

Mr. McIVOR: And that is good enough for me.

Mr. PERLEY: I am not questioning that part. But I say when you take the answer there, and know what is going on in Chicago—for instance, I have the close here for yesterday—you see it is possible to do that. I have no charge to make, but from what I know of a lot of the grain companies, I think that would be quite in order; and I will venture to say that there are a lot of Winnipeg companies trading in Chicago.

Mr. McIVOR: There is nothing to prevent them from trading in Chicago.

Mr. PERLEY: No.

Mr. McIVOR: But there is something to prevent them from trading in Chicago with this wheat.

Mr. PERLEY: Yes?

Mr. McIVOR: This wheat can only go into the United States under presidential directive which clearly states that it is to be used and distributed for feed by the Commodity Credit Corporation of the United States government. Any one else who imports wheat into the United States has to pay 42 cents duty; and they cannot sell it in the United States because, over and above the wheat that is being purchased by the Commodity Credit Corporation, you can only ship into the United States 695,000 bushels of wheat from Canada in one year; that is all.

Mr. PERLEY: Now I have another question with respect to flour prices.

Mr. WARD: Would you repeat that, Mr. McIVOR? You can ship only how much?

Mr. McIVOR: The American quota of wheat going into the United States commercially, all wheat, is 700,000 bushels—695,000 bushels which they assign to Canada.

Mr. WARD: That is commercial?

Mr. McIVOR: Yes.

Mr. MacKENZIE (*Lambton-Kent*): Duty is paid on that?

Mr. McIVOR: The duty is paid on that.

Mr. PERLEY: I have another question with respect to flour prices. I asked Mr. MacKinnon, the Minister of Trade and Commerce, with respect to arriving at the prices of flour on a certain basis of shipments from the Canadian seaboard, and he gave an answer that for 280 pounds, taking May, it was \$9.40. I tried to figure that out on the basis of what it would be on a bushel of wheat, at Saint John, New Brunswick, the shipping point. That figures out at about \$1.70 odd. I was just wondering if there was any way you had of controlling the price of export flour?

Mr. McIVOR: No way that we have.

Mr. PERLEY: Do you think that price does not indicate that there is a considerable profit being made?

Mr. McIVOR: I do not know.

Mr. PERLEY: What would you think?

Mr. McIVOR: I am not well enough acquainted with the cost of manufacturing flour to answer that question.

Mr. PERLEY: Well, they get the flour and they get their drawback and they sell at Saint John on the basis of 280 pounds at \$9.40. If you figure that out from the number of pounds of flour you can produce out of a bushel of wheat—that is, about 45; some of them get a little more—and then you take your middlings and bran shorts, and you add the price of them, you will find they are getting about \$1.77.

Mr. WARD: No. They do not get 45 pounds. They get only 39.

Mr. PERLEY: That is something new. That is what you have in your country. But you can get 40 to 45. It averages more than 45.

Mr. WARD: No. Where do you get that?

Mr. PERLEY: Well, anybody knows you can get 45 pounds of flour out of a bushel of wheat.

Mr. WARD: I never heard of that before.

Mr. WHITMAN: Mr. Chairman, can we ask the chairman of the wheat board to give information on that?

The CHAIRMAN: I do not suppose he is a flour man.

Mr. WHITMAN: Is that not out of his realm altogether? Let us get on with the work of the committee here.

Mr. PERLEY: Mr. Ward can look it up. If you take the grist to the mill, and you can take it to any mill in the country, they will give you 44 pounds.

Mr. WARD: 38.

Mr. PERLEY: They will give you 44 and give you your middlings, 15.

Mr. HENDERSON: It depends on where that flour is being sold, whether they get their drawback.

Mr. PERLEY: They get their drawback when they are entitled to it. They do not get their drawback on the export flour.

Mr. HENDERSON: That is what I say.

Mr. PERLEY: Take the amount of flour that goes into the domestic grind, plus the amount that goes into the export flour.

Mr. HENDERSON: I do not know how you are going to average it, not knowing definitely what goes into the one and what goes into the other.

Mr. PERLEY: From what I know of the mills which are grinding, how much they have exported, and how much wheat it takes, it will figure out at about \$1.77.

Mr. GOLDING: Have you not got all the cost of producing the flour.

Mr. PERLEY: Well, I know it is \$1.77.

The CHAIRMAN: Speak out, gentlemen, if you are going to continue this discussion. The reporter cannot hear you.

Mr. PERLEY: It may be out of Mr. McIvor's realm. I was just asking if there is any way they have of controlling the prices that the millers get for their flour.

Mr. McIVOR: That price, Mr. Perley, is a matter of negotiation between the flour millers in this country and the British government, those costs of conversion and the profit, and I think you can leave it to the Ministry of Food to see that they are not being held up on that conversion.

Mr. PERLEY: All right.

Mr. WRIGHT: Are you the board which checks on the flour mills as to the amount of wheat that goes into domestic consumption? Do they grind for domestic consumption?

Mr. McIVOR: Mr. Findlay's auditors check on that.

By Mr. Wright:

Q. Your auditors check on that?—A. Yes.

Q. And as to the amount that is used for export? They grind for export.

Mr. McIVOR: Not export grind, but the domestic.

Mr. WRIGHT: The domestic?

The WITNESS: Yes.

Mr. McIVOR: Mr. Findlay will answer that.

The WITNESS: I think what Mr. Wright means is whether we do check it up. We certainly do.

By Mr. Bryce:

Q. You can tell how much is going to export and how much is domestic?—

A. They send in a statement to us every month. That is the basis on which they get the drawback.

Q. You just take their word for it?—A. We have to initially. But then there is the inspector who goes around and he checks into all of the records.

Mr. PERLEY: About how many millions does it take for the domestic market? Is it 50,000,000 or 60,000,000?

Mr. McIVOR: The average figure, Mr. Perley, for human consumption, domestically, is four and a half bushels per capita. Is that not the figure?

Mr. DAVIDSON: It is running a little higher than that—50,000,000.

Mr. McIVOR: About 50,000,000 bushels.

Mr. PERLEY: You have not any auditors' report. Who audits your books?

Mr. McIVOR: Millar, Macdonald and Company, Mr. Perley. They are the same auditors that audited the books of the board since we started operations, and they were appointed by Mr. MacFarlane, the then chairman of the board and I think approved by the then Minister of Trade and Commerce, the Honourable R. B. Hanson.

Mr. PERLEY: Yes. Why do you not have a statement from them attached to your reports?

The WITNESS: The annual reports are always tabled in the house.

By Mr. Perley:

Q. The annual reports?—A. The auditors' annual reports.

Q. This is not the auditors' report?—A. No.

Q. I say where do we get the auditors' report?—A. It is tabled in the house each year.

Q. We never get any trace of it there. It is not in the Auditor General's statement. If you take the Auditor General's report, there is nothing in there, no auditors' statement coming under the Department of Trade and Commerce. There is no auditors' statement of the wheat board's operations.—A. Well, these, of course, are taken from the auditors' report.

Q. Then why not have it? I suggest that in your next year's report you have the auditors' statement attached.

Mr. DECHENE: Would that be a very bulky document?

Mr. PERLEY: No.

The WITNESS: Really, these statements are all part of the auditors' report, the annual report.

Mr. HENDERSON: The report would be larger and more voluminous than the auditors' report.

Mr. PERLEY: Oh, yes. The auditors' report is not large.

The WITNESS: No. It is not as bulky as ours.

Mr. WRIBHT: The auditors' report would be simply a statement to the effect that "We have examined these accounts".

The WITNESS: That is right.

Mr. WRIGHT: And testifying that they are correct.

Mr. PERLEY: I think we should have that, because it cannot be found in the Auditor General's report. That is the point.

The CHAIRMAN: An audited statement, a monthly audited statement, goes to the minister, does it not?

The WITNESS: Yes. So does the annual statement.

By the Chairman:

Q. And the annual statement does as well?—A. Yes.

The CHAIRMAN: I do not know whether it has been tabled in the house or not, Mr. Perley.

Mr. PERLEY: I do not think so.

The CHAIRMAN: I do not recall.

Mr. PERLEY: There is no mention of it in the Auditor General's report. I know that. You see, I asked Mr. MacKinnon in the house with reference to it. He would not even give us the name. He said he would take it into consideration. I asked who the auditors were and he did not give us the name.

The CHAIRMAN: Are there any other questions?

Mr. PERLEY: Yes. I should like to ask about something else.

Mr. WRIGHT: Just a minute. I do not think this matter of the auditors' report should be allowed to drop. I think this committee is entitled to know whether this report is audited or not, and the statement should be in the report that it is or it is not.

Mr. PERLEY: That is what I think too.

Mr. McIVOR: Is there any objection to that, Mr. Findlay?

The WITNESS: No.

Mr. PERLEY: In the next report you issue, you will have an auditors' statement. Is that agreed?

The CHAIRMAN: I would certainly say the committee is entitled to an audited statement, and I would think that, for the sake of having a properly audited statement, it should be contained in this report that the board has drafted for general information.

Mr. MACKENZIE (*Lambton-Kent*): If it is not a statement from the auditors' report, I do not see that it has very great value to us.

Mr. HENDERSON: But it is.

The WITNESS: That is exactly what it is.

Mr. WRIGHT: If it is, it should so state in the report. That is all.

Mr. PERLEY: Surely.

Mr. GOLDING: All you would need is the signatures of the auditors.

Mr. PERLEY: If they are responsible auditors' they would not object to putting it in there. I think it should be in the next report.

Mr. WHITMAN: I do not see any objection to it. I think it should be there.

Mr. McIVOR. Mr. Findlay says he has no objection from our standpoint.

Mr. PERLEY: If that is agreed, it is okay.

The CHAIRMAN: Are there any further questions?

Mr. PERLEY: I understand there was an order in council passed with respect to making payments on the participation certificates. Did the order in council cover the three areas or just the one, and could that be tabled?

Mr. McIVOR: I think it could be tabled, Mr. Perley. I do not know why it could not.

Mr. PERLEY: Do you know whether it covered the whole three years, 1940, 1941 and 1942?

Mr. McIVOR: Yes. It covered the three years.

Mr. PERLEY: It covered all three?

Mr. McIVOR: Yes.

Mr. PERLEY: Then we can have that?

Mr. McIVOR: Yes.

The CHAIRMAN: You mean filed with the clerk?

Mr. PERLEY: Yes. I do not think I have anything further. I had prepared more or less a summary of the report, taking the three years and summarizing them together. I should just like to make one or two comments. I found out for the years 1940, 1941 and 1942 altogether you got a total of 662,402,000 odd bushels. That is taking your statements 6, 7 and 8, I think it was. That is correct, is it not? It showed a net surplus of \$39,872,000. Is that correct?

The WITNESS: At July 31, yes.

Mr. PERLEY: You handled altogether 662,000,000 bushels, if you take the three years 1940, 1941 and 1942. That is in exhibit 6, 7 and 8, I think it is. I just made a summary here. You paid brokerage fees on the three crops of \$765,578. You paid storage and carrying charges—and I compiled that by following through the storage charges and brokerage charges—of \$78,027,388. Out of that \$78,000,000 odd, the farmers got \$6,796,000 odd. You paid interest to the banks, taking the interest in the statements here, 6, 7 and 8, of \$4,927,000. The general expenses of your staff and everything amounted to \$2,140,000 odd. The comment I desire to make is that I think some one in the grain firms made a pretty fair killing when they received \$78,027,388 in brokerage fees, carrying charges and expenses on 662,000,000 bushels of wheat.

Mr. WARD: You said 68,000,000?

Mr. PERLEY: I said \$78,000,000 in storage fees and brokerage fees of \$765,578, making a grand total of pretty well \$79,000,000 on 662,000,000 bushels of wheat. That is over 10 cents a bushel. I think that is a pretty good figure, compared with what the little farmer got for his little bit of carrying charge. Compared with that, I think that somebody got a pretty good profit.

Mr. McIVOR: You should point out, Mr. Perley, I think in all fairness, that a lot of those storage charges were paid to companies owned by the farmers. Well, I say it was paid anyway. The farmers got \$6,796,000 storage, that is during the three-year term.

Mr. McIVOR: That is just one year when farm storage was paid; the other was three years.

Mr. PERLEY: I see the banks have nearly \$5,000,000 and the grain companies \$78,000,000, less what the farmers got, and then the brokers got \$765,000. I think the charges were pretty high on 662,000,000 bushels of wheat.

By Mr. Ward:

Q. How long was that carried in the aggregate; how long would each bushel be carried?—A. I would say in the country elevators it was less than two years.

Q. Would the average bushel of wheat be carried for two years?—A. No, I would say that the average time was probably about four to six months.

Mr. McIVOR: No. I do not know. That is a hard question to answer. I would say the average period over the three years carrying would be at least a year.

Mr. PERLEY: Would that apply to the total bushelage?

Mr. McIVOR: There was a large quantity of wheat over those three years that was static. There was the big residue that stayed in the elevators.

Mr. PERLEY: In the 1940-41 crop you handled 395,000,000 bushels; in 1941-42 you dropped back to 99,000,000; in 1942-43 you handled 167,000,000. I suppose considerable of that first one was carried for over two years?

Mr. McIVOR: I would think so.

Mr. PERLEY: I was trying to figure it out. How many elevators are there in western Canada?

Mr. McIVOR: Over 5,000, I think—5,300.

Mr. PERLEY: Offhand, what would be your estimate of the value or the cost of the 5,000 elevators—\$10,000?

Mr. McIVOR: I really don't know.

The CHAIRMAN: What figure did you use?

Mr. PERLEY: \$10,000.

The CHAIRMAN: Manitoba Pool Elevators cost twice that much. I know.

Mr. PERLEY: They were built late. There are a lot of elevators in operation that did not cost half of that.

Mr. McIVOR: I would say as a guess that the average cost of elevators in western Canada would be at least \$12,000.

Mr. PERLEY: That would be \$60,000,000, would it?

Mr. McIVOR: We are getting up into big figures.

Mr. PERLEY: The capital investment is \$60,000,000, and they earned in three years about \$70,000,000.

Mr. WARD: You do not say how much of that they paid in overhead and wages.

Mr. PERLEY: They have that figured out.

Mr. McIVOR: There has been a lot of that returned to the producers.

Mr. PERLEY: There is nothing out of this returned to the producers.

Mr. McIVOR: Yes, very substantial amounts.

Mr. PERLEY: In what way—through the pools?

Mr. McIVOR: Through the patronage dividends—pool facilities. I think the United Grain Growers and some of the other companies—

Mr. PERLEY: From the summary I made in these three pages—the three exhibits there—I thought the elevator companies had a pretty good time.

Mr. WRIGHT: I think nothing was returned to the producers out of the \$5,000,000 that went to the banks.

Mr. McIVOR: I think probably you are right.

Mr. WRIGHT: I think there was more real profit made in that than there was out of the handling.

Mr. HENDERSON: Indirectly, on the other hand, if the banks had not handled that wheat for us we would not be getting these dividends.

Mr. PERLEY: Take the interest charges. Exhibit 5 shows you paid the banks that year \$4,307,000; exhibit 6 shows \$204,000; exhibit 7 shows \$140,000; exhibit 8 shows \$98,000; exhibit 9 shows \$175,000, making a total of \$4,927,300.

Mr. McIVOR: Mr. Findley can deal with that.

The WITNESS: What was your question?

Mr. PERLEY: The banks were paid in exhibit 5, \$4,307,000. Then you bring in exhibit 6 and you paid the banks \$204,000 that year.

Mr. McIVOR: Where do you get the \$204,000?

The WITNESS: The 1940 crop was our heavy crop.

The CHAIRMAN: What rate of interest did you pay then?

The WITNESS: Three per cent, the same as now.

By Mr. Perley:

Q. That is the 1940 crop?—A. 1940, yes. Also, we have had the use of surplus funds. That made a lot of difference too.

Q. The interest charges in the next year dropped to \$204,000. Did you pay them the same rate of interest all through?—A. We used to pay $4\frac{1}{2}$ per cent at the beginning of the board and we got it down to 4 per cent and we got it down to $3\frac{1}{2}$ per cent, and now it is 3 per cent.

Q. What did you pay in exhibit 5?—A. Three per cent.

Mr. WRIGHT: What are the average sales to the old country in each year, 160,000,000?

Mr. McIVOR: About that.

Mr. WRIGHT: I was doing a little figuring on that cent a bushel commission. 160,000,000 bushels would amount to about \$1,730,000 that you are paying the exporters for the service they are rendering in chartering the lake boats and checking the grain when it is going down the lakes at terminals at Saint John and Halifax. It seems to me to be a lot of money to pay for that service, and it is possible that the board itself could do it for considerably less money than that.

Mr. McCUAIG: Is it not possible that you could do it this year but you could not do it another year? It is best to keep up those facilities.

Mr. McIVOR: I have not any further comments than I made yesterday in regard to that matter.

Mr. WRIGHT: It is government policy that those export firms should be kept in business so that after the war they will be in a position to do business again; but we are paying a high price to keep them in business as commission people; we are paying \$1,730,000 a year to keep about—I do not know how many export firms there are—I do not suppose there are over a dozen of them in business in Canada.

Mr. GOLDING: Does that represent the whole picture? Suppose you handled it yourself, how much would it cost. You have to take the other side too.

Mr. McCUAIG: They are performing a service that you would have to perform yourself.

Mr. McIVOR: There is a question of principle behind this matter. You cannot take it in bits and pieces. If the government went into the business of distributing the wheat through the wheat board you could not limit it to the

shipments to the old country or any board shipments because next year probably—I am not criticizing you, Mr. Wright—you would want to know why we are not furnishing wheat to the interior millers; you might say that where we do it for the British why not the interior millers?

Mr. PERLEY: Could not the board do that?

Mr. McIVOR: The whole question is this, as to whether you want to put the grain trade out of business. That is where the question rests.

Mr. WRIGHT: I think we are paying too much now to keep them in business.

Mr. GOLDING: What cost would be involved if you handled the whole thing?

Mr. McIVOR: I do not know. Our costs would be very substantial.

Mr. GOLDING: You make statements that you pay somebody so much for doing such and such a thing. Now, if it has to be done you have to concern yourself with what it is going to cost you to do it.

Mr. McIVOR: Absolutely. You cannot make the statement that you would have a saving of that amount, because you would have to set that amount as against the cost of doing business.

Mr. BRYCE: If you have five or six firms and the government takes that business over you will only have the overhead of one firm—the government.

Mr. PERLEY: Your administration expenses in the three years are \$2,140,222, and you suggest that includes your rentals. You pay these exporters and other firms. I think you could have taken the whole thing over and saved a lot of money.

Mr. WRIGHT: I feel sure that where the board's total expenses are only a little over \$2,000,000 a year doing all the business they are doing, that this amount of \$1,730,000 for the services we are getting of just transferring the wheat from the head of the lakes to Saint John is certainly excessive. I do not know whether the board have made any calculations as to whether they consider it excessive or not, or how they have arrived at that commission of one cent a bushel. I think half of it would be quite sufficient to keep those people in operation.

Mr. HENDERSON: This whole matter was gone into at another time in this committee when we had the Board of Grain Commissioners here, and if my memory serves me correctly they said that if you cut the one down you would have to build the other up.

Mr. PERLEY: You can apply that to the pool. Mr. McIvor has said they are distributing to their shareholders, their pool members, and they are only one concern of the whole outfit.

Mr. HENDERSON: They are one of the exporters referred to.

Mr. McIVOR: It is easy to sit here and read out big figures on the cost of carrying wheat on a three-year period, but if this wheat board or any other wheat board is going to carry wheat in this country pending the sale of that wheat they have got to pay for carrying it. Don't make any mistake about that. It is not something you can carry in thin air. We have to put it in elevators, store it and carry it, and it is quite easy after three years of operation to read out a huge statement and say that is a big figure to pay for carrying wheat. The point is whether the per bushel cost is too high.

Mr. WRIGHT: I was not referring to the carrying charges at all; I was referring to this one cent commission. I say that commission is too high and I want to register a protest against it. I say you should make some investigation as to the actual cost of this service, and if they are prepared to say to

the elevator companies at the head of the lakes when they offer to do business with you for one-sixtieth of a cent a bushel, we think you are charging too little—

Mr. McIVOR: A portion of the elevator companies.

Mr. HENDERSON: You have to get that grain handled.

Mr. McIVOR: Yes, you have to get the grain handled.

Mr. WRIGHT: Are you satisfied that one cent a bushel commission is a fair commission?

Mr. McIVOR: I will answer your question this way: that based on past experience, yes.

Mr. WRIGHT: What do you mean by past experience?

Mr. McIVOR: Based on the normal operations of an exporting company.

Mr. WRIGHT: The export companies are now working under normal conditions?

Mr. FINDLAY: They are doing practically everything they had to do before the closing of the market.

Mr. WRIGHT: Except assuming any risks, they do not have to hedge their grain.

Mr. McIVOR: Well, they don't take much there.

The CHAIRMAN: I just want to refer to the question asked this morning regarding the legal action taken against the wheat board. I have taken this matter up with the record of *Hansard* at the time the question was asked in the House, and I have checked up also with the Clerk; and the information given to me is that it is out of order and technically would be improper for us to deal with the matter here which is before the courts. In view of that information I feel that we could not go ahead and discuss the matter referred to this morning.

Mr. PERLEY: Who asked that question in the House, Mr. Chairman?

The CHAIRMAN: I think it was yourself, Mr. Perley.

Mr. PERLEY: And now you have it right from the Clerk of the House?

The CHAIRMAN: The Clerk of the House, yes; and I understand that Mr. Davidson here also inquired from his solicitor in Winnipeg and he was more positive about it, the solicitor stated very definitely that the matter should not be raised here while it is still before the courts. So that if I were called upon to make a ruling, my ruling would be that there could be no discussion of it.

Mr. PERLEY: Would it be in order to ask the name of the board's solicitors out there?

Mr. McIVOR: They are Mr. Coyne and Mr. Monk, Mr. Monk is looking after this.

The CHAIRMAN: I asked you this morning or yesterday for a statement as to the net position of your stocks for the current year, and also what disappearances had been; have you been able to get that statement?

Mr. McIVOR: Have you got those figures, Mr. Davidson?

Mr. DAVIDSON: I interpreted your question rather broadly, Mr. Chairman; and took it to mean that you were asking for a statement as to our marketing position with respect to the various kinds of grain.

The CHAIRMAN: Order, gentlemen, please.

Mr. DAVIDSON: I think I might start off, if I might take a few minutes, by giving you a picture of the total commercial disappearance of Canadian grain during the first three or four or five years of the war. In 1939-40 which was the first year of the war; I am dealing here with commercial stocks of grain, that is grain which was in elevators or has passed through elevators; the disappearances that year of wheat, oats, barley, rye and flax amounted to

308,000,000 bushels. The next year 1940-41 it was 336,000,000 bushels; 1941-42 it was 351,000,000 bushels; 1942-43 it was 438,000,000; and taking the figures for this present crop year up to June 16th and estimating the last six weeks of the crop year the figure is at 682,000,000 bushels—that include the five grains as follows: wheat, 525,000,000, oats, 144,000,000, barley, 88,000,000, rye, 10,000,000, flax, 15,000,000 that makes a total of 682,000,000 for the crop year 1943-44 as compared with 438,000,000 in 1942-43. Now you will recall that when we started out the present crop year country elevators were pretty well congested and light supplies at the lakehead and in other terminal positions. Well, in meeting the enormous demands this year transportation was involved for practically every bushel. To date this year a total of 580,000,000 bushels of grain have been moved out of the country elevators compared with 321,000,000 bushels for the same period last year. This covers the first 47 weeks of the present crop year as compared with a year ago. By the end of the crop year the total movement of grain from the elevators will reach over 600,000,000 bushels. The largest figure we have ever had in the past was some 540,000,000 bushels in the previous record year, 1928-29. That peak is rather interesting because at the present time the total load on our transportation facilities is much greater than it was in 1928-29 owing to the war and it has been a rather exceptional result to move forward that quantity of grain not far from double the amount of grain which was moved out of country elevators a year ago. Now there have been some rather interesting developments in connection with the grain situation in Canada itself. This year we are going to use 191,000,000 bushels of wheat in Canada; the largest use of wheat that has ever been recorded in this country. Now that is made up of 71,000,000 bushels of feed on the western farms, 10,000,000 bushels of eastern wheat fed to animals, about 23,000,000 bushels imported wheat or wheat under freight assistance in eastern Canada, 10,000,000 bushels for alcohol, 50,000,000 bushels for human consumption in Canada and 27,000,000 bushels seed; or a domestic utilization of 191,000,000 bushels. We started out last August 1st with a carryover in this country of 594,000,000 bushels.

The CHAIRMAN: Of wheat?

Mr. DAVIDSON: Of wheat, and we had a new crop of 294,000,000 bushels, that gave us a total volume of 888,000,000 bushels on August 1 including the new crop. If we guess on the exports, and this cannot be a final figure because there is quite a lag in recording exports, we are going to have a total use of wheat in Canada and in the export market of over 530,000,000 bushels this year, and that will bring the range of your carry-over for next July down somewhere between 330,000,000 and 350,000,000 bushels depending largely on the balance remaining on farm. If I were to make a guess at the situation I would say that at the end of July our 888,000,000 bushels of stock that we had a year ago would be down somewhere between 333,000,000 and 350,000,000 bushels excluding the 1944 crop. There has been a phenomenally large use of oats and barley on farms in Canada. Take the case of barley in the prairie provinces, they are going to feed about 125,000,000 bushels this year; seed requirement will be 15,000,000 bushels so that makes a total of 138,000,000 bushels, so the largest part of the barley crop will be consumed right on the farms. In eastern Canada about 10,000,000 bushels of the eastern barley crop will be fed and another 2,000,000 for seed which makes 12,000,000 farm disappearance in eastern Canada. This makes a total farm disappearance of barley of 150,000,000 in Canada in 1943-44.

If you look at the commercial position as of last July 31, we had a carry-over of barley of around 69,000,000 bushels. There was a new crop of 216,000,000 bushels which gave us total supplies of 285,000,000 bushels of barley. Farm use for the whole of Canada was 150,000,000 leaving us a balance of 135,000,000 which was either commercial or could become commercial. Last

July we had in the visible supply 28,000,000 bushels of barley and since that time 77,000,000 have been marketed so our commercial supply for the year up to date is 105,000,000, and our commercial disappearance has been 81,000,000. Disappearance has exceeded deliveries of barley so far in the present crop year which leaves us a balance of around 24,000,000 of barley left in our visible supply at the moment.

The oats picture follows the same general pattern but it is a little easier than the barley situation. This year in feed and seed alone we are going to use 400,000,000 bushels of oats on Canadian farms. To start the crop year we had 631,000,000 bushels of oats in Canada. We are going to use about 400,000,000 on farms which will leave 231,000,000 which could be either held on farms or might become commercial supply. In looking at it commercially as of last July 31 we had 31,000,000 bushels of oats in our visible supply and the marketings to date have amounted to 122,000,000 which gives us a total commercial supply up to the present time of 153,000,000, and our commercial disappearance up to the same time 127,000,000. More oats have disappeared commercially than have come in during the present crop year. At the moment we have about 26,000,000 bushels in the country or terminal elevators. The situation on feed grains is that use is running ahead of marketings right up to date. An interesting picture of the grain situation—I may be digressing a bit here, Mr. Chairman—is to look at the total farm use of grains in Canada this year. The figures are wheat, 108,000,000 plus free freight about 23,000,000, making 131,000,000; oats 400,000,000; barley 150,000,000, or a total of 681,000,000 bushels of the three grains used for feed and seed purposes in Canada within the crop year 1943-44. That is a reflection, of course, of the very heavy feeding which is going on under present conditions. In the west the corresponding figure is 480,000,000 bushels of all grains used for feed and seed purposes on western farms which represents a tremendous increase over two or three years ago.

If you have commercial disappearance of all grains of approximately 681,000,000 bushels, which looks to be very close to our figure at the end of July, and you add to that farm disappearance of grains, and taking out any duplications in the figures on account of shipment from west to east, you will find that the total disappearance of grains in Canada plus the quantities that have gone for export will amount to about 1,300,000,000 bushels. If you add up the production of the year 1943 you will find we produced 992,000,000 bushels of the three grains. In other words we have eaten into our reserves to the extent of 300,000,000 to 400,000,000 during the present crop year. If we had a short crop this year we would have come to the end of the road on either our present use of grains on farms or quantities which would be available for commercial uses including exports.

Mr. MacKENZIE: The fortunate part of it is the crops look very good.

Mr. DAVIDSON: Yes. I cannot imagine any greater tragedy you could have had in Canada at this particular time than a short crop of grains.

The CHAIRMAN: Or on the North American continent.

Mr. DAVIDSON: Or on the North American continent. That generally, Mr. Chairman, is the broad picture.

The CHAIRMAN: Thank you very much. That was what I had in mind, a comprehensive survey of the general picture which I thought the committee would be interested in having. There is only one other question I had in mind. I was wondering if Mr. Findlay would be able to set out year by year the amount of money the treasury had been required to pay to the various crop years in statement form. You could gather that from the financial statements you have before you.

The WITNESS: You can get all of it in this.

By the Chairman:

Q. I was asking to have it more or less together here.—A. Your first board operation, of course, was the 1935 crop, and we had a deficit on that of \$11,865,000. Then in the year 1938 the crop resulted in a deficit of \$61,500,000 roughly. In your 1939 pool there is a deficit there of almost \$9,000,000 which will be paid this year most likely, I presume. I hope that is the end of our deficits.

Q. Were there any offsetting figures against those from any of those pool year operations?—A. We had a profit of approximately \$25,000,000 on the old Canadian Co-op. wheat which was taken over.

By Mr. Bertrand:

Q. Which has been counted as an offsetting figure against the deficit?—A. Yes.

Q. There are three years where you have made deficits, 1935, 1938 and 1939.—A. Yes.

Q. Any others?—A. No.

Q. Less \$25,000,000?—A. Less \$25,000,000.

By the Chairman:

Q. This equalization payment would be another advance by the treasury?—A. Yes, that was a direct advance by the treasury to us and through us to the pools, \$6,600,000.

By Mr. Bertrand:

Q. Which is over and above this?—A. Yes.

The CHAIRMAN: Are there any further questions?

Mr. McIVOR: I think, Mr. Chairman, there was one question outstanding of Mr. Wright's with regard to malting barley. I have not been able to get all the figures yet. It is a little more difficult than I expected.

The CHAIRMAN: If you get them send them to me and I will see that Mr. Wright gets them.

Mr. WRIGHT: That will be satisfactory.

Mr. McIVOR: I am sorry for the delay.

The CHAIRMAN: If there are no more questions I do not know what the feeling of the committee is but these are busy men and I would hate to hold them over any longer unless there was something that the committee wanted to bring out.

Mr. HENDERSON: No need.

The CHAIRMAN: What is the pleasure of the committee?

Mr. WRIGHT: I do not see that there is any need of holding them over, if there are no more questions.

The CHAIRMAN: I do not see that there is either. So if the committee is agreeable, we will say to Mr. McIvor and the other members of the board who are here, that we are through.

Mr. HENDERSON: And we thank them.

Mr. McIVOR: Mr. Chairman, may I just express the appreciation of my colleagues and myself for the courtesy of the committee in these arduous, hot days. We have tried to do the best we could to answer all of the questions. There were some as to which perhaps we did not have the information at our finger tips. I appreciate your courtesy very much.

Mr. McCUAIG: You got in ahead of me, Mr. McIvor. I was going to express our appreciation for the lucid manner in which he and his officials gave the explanations before this committee, and wish to express our appreciation to them.

Mr. WRIGHT: I have much pleasure in seconding that appreciation.

The CHAIRMAN: Mr. McIvor, Mr. Davidson and Mr. Findlay, you have heard the remarks of the members of this committee. I should certainly like to join with them in expressing general appreciation of the committee for the manner in which you have appeared before us, particularly at this time. We know that you are busy; but I think it is always well that we can have these matters discussed openly and frankly. The members from the west are always particularly interested in the grain trade. While we may have some discussion on different points of view that come up occasionally, nevertheless I think we all agree that the wheat board has been doing a very good job. We certainly appreciate your attendance on this committee and the facility with which you were able to give the information on any questions that arose. We are very glad you have been here and we thank you for your attendance.

I think, gentlemen, we can stand adjourned now and draft some kind of a report at a later date. Is that agreeable?

Some hon. MEMBERS: Agreed.

Mr. HENDERSON: To the call of the chair.

Mr. WRIGHT: Are we going to have a steering committee to draft a report, Mr. Chairman, or will we have a further meeting of the committee to decide whether we get a further reference from the house?

The CHAIRMAN: That is a matter I have to deal with. The man was not here to-day to bring it up. I think perhaps we will have to have another meeting of the committee. It is nearly 6 o'clock now. We will adjourn to the call of the chair.

The committee adjourned at 5.45 p.m. to meet again at the call of the chair.

SESSION 1944
HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 3

SECOND AND FINAL REPORT

THURSDAY, JULY 6, 1944

Reference
REPORT OF CANADIAN WHEAT BOARD FOR
CROP YEAR 1942-1943

MINUTES OF PROCEEDINGS

THURSDAY, July 6, 1944.

(6)

The Standing Committee on Agriculture and Colonization met in camera at 10.30 o'clock. Mr. W. G. Weir, the Chairman, presided.

Members present: Messrs. Cruickshank, Dechene, Gregory, Henderson, Kirk, Laflamme, Lafontaine, McCuaig, McCubbin, McNevin, Mullins, Rhéaume, Rickard, Senn, Soper, Weir, and Wright—(17).

The Committee considered a draft of its third report.

On motion of Mr. McNevin, seconded by Mr. Dechene, the draft report was adopted as read and the Chairman was authorized to present same to the House.

At 10.45, on motion of Mr. Lafontaine, the Committee adjourned sine die.

ANTONIO PLOUFFE,
Clerk of the Committee.

REPORT TO HOUSE

FRIDAY, July 7, 1944.

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

SECOND REPORT

The Committee held six meetings and reviewed the reports and the accounts of the Canadian Wheat Board for the crop year 1942-43, as well as reviewing the policies in effect since the passing of Orders in Council Nos. 7942 and 8898.

The Committee had before it as witnesses:—

Mr. Geo. H. McIvor, Chief Commissioner,
Mr. R. C. Findlay, Comptroller, and
Mr. C. B. Davidson, Executive Assistant.

The Committee again commends the Officers of the Canadian Wheat Board for the comprehensive and lucid manner of presenting the reports and accounts.

The Committee was gratified to learn that four of the recommendations of last year's Report concerning policy with respect to further reduction in grain storage charges, to the marketing of flax seed, to the allocation of cars, and the referring of the Annual Report of the Canadian Wheat Board to a Committee of the House, have been given effect.

The Committee gave particular attention to the policy followed in paying the guaranteed Equalization Fee on oats and barley. It was pointed out that the Equalization Fee is a payment on grain actually marketed and not as a subsidy to livestock feeders. The extent of the Equalization Fund is, therefore, of interest to both the Treasury and to those actually marketing oats and barley. The proposals of the Board for meeting the administrative difficulties are commended. The Committee urges that they be instituted together with such other measures thought to be practical.

The Committee tables herewith a copy of the Annual Report, a copy of the evidence taken before it, together with certain agreements and a certified copy of the Auditor's Report.

All of which is respectfully submitted.

W. G. WEIR,
Chairman.

