

Canada. Parl. H.of C. Standing
Comm.on Agriculture &
Colonization, 1959.

Minutes of
proceedings & evidence.

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HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Humane Slaughter of Food Animals

THURSDAY, FEBRUARY 12, 1959

TUESDAY, MARCH 17, 1959

WITNESSES:

Hon. Davie Fulton, Minister of Justice;

Mr. E. L. Taylor, Oakville, Ontario.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959



STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

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

Argue,	Hales,	Noble,
Barrington,	Hardie,	O'Leary,
Best,	Henderson,	Pascoe,
Boivin,	Horner (<i>Acadia</i>),	Peters,
Boulanger,	Howe,	Phillips,
Broome,	Jorgenson,	Racine,
Brunsdon,	Kindt,	Rapp,
Cadieu,	Kucherepa,	Régnier,
Casselman (Mrs.),	Lahaye,	Richard (<i>Ottawa East</i>),
Charlton,	Latour,	Rompré,
Cooper,	Leduc,	Rowe,
Dorion,	Létourneau,	Smith (<i>Lincoln</i>),
Doucett,	McBain,	Southam,
Dupuis,	McIlraith,	Speakman,
Fane,	McIntosh,	Stanton,
Fleming (<i>Okanagan-</i> <i>Revelstoke</i>),	McLean (<i>Winnipeg North</i> <i>Centre</i>),	Thomas,
Forbes,	McMillan,	Thompson,
Godin,	Michaud,	Tucker,
Gour,	Montgomery,	Villeneuve,
Gundlock,	Nasserden,	Walker—60.

M. Slack,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,
TUESDAY, February 19, 1959.

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

Messrs.

Argue,	Grills,	Nasserden,
Barrington,	Gundlock,	Noble,
Boivin,	Hales,	O'Leary,
Boulanger,	Hardie,	Pascoe,
Brunsdén,	Henderson,	Peters,
Cadiéu,	Hicks,	Phillips,
Campbell (<i>Lambton-Kent</i>),	Horner (<i>Acadia</i>),	Racine,
Casselmann (Mrs.),	Howe,	Rapp,
Charlton,	Jorgenson,	Régnier,
Cooper,	Kindt,	Richard (<i>St. Maurice-Lafleche</i>),
Doucett,	Lahaye,	Robinson,
Dubois,	Latour,	Rompré,
Dupuis,	Leduc,	Rowe,
Fane,	Létourneau,	Smith (<i>Lincoln</i>),
Fleming (<i>Okanagan-Revelstoke</i>),	McBain,	Southam,
Forbes,	McIntosh,	Speakman,
Forgie,	McMillan,	Stanton,
Godin,	Michaud,	Thomas,
Gour,	Milligan,	Tucker,
	Montgomery,	Villeneuve—60.
	Muir (<i>Lisgar</i>),	

MONDAY, February 9, 1959.

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

Attest.

MONDAY, February 16, 1959.

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

TUESDAY, March 10, 1959.

Ordered,—That the subject of humane slaughter of food animals be referred to the Standing Committee on Agriculture.

STANDING COMMITTEE

FRIDAY, March 13, 1959.

Ordered,—That the names of Messrs. Dorion, Best, Walker, MacLean (*Winnipeg North Centre*), Broome, Kucherepa, and Thompson be substituted for those of Messrs. Dubois, Campbell (*Lambton-Kent*), Grills, Muir (*Lisgar*), Hicks, Milligan, and Robinson on the Standing Committee on Agriculture and Colonization.

MONDAY, March 16, 1959.

Ordered,— That the names of Messrs. Richard (*Ottawa East*) and McIlraith be substituted for those of Messrs. Forgie and Richard (*St. Maurice-Lafleche*) on the Standing Committee on Agriculture and Colonization.

Attest

LÉON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

FRIDAY, February 13, 1959.

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

FIRST REPORT

Your Committee recommends:

1. That it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.
2. That its quorum be reduced from 20 to 15 members and that Standing Order 65 (1) (f) be suspended in relation thereto.
3. That it be granted leave to sit while the House is sitting.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, February 12, 1959.

The Standing Committee on Agriculture and Colonization met at 11.30 a.m. this day for organization purposes.

Members present: Mrs. Casselman, Messrs. Argue, Barrington, Boulanger, Brunsdon, Cadieu, Campbell (*Lambton-Kent*), Charlton, Cooper, Doucett, Dubois, Fane, Fleming (*Okanagan-Revelstoke*), Gour, Grills, Hales, Hardie, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Kindt, Lahaye, McBain, McIntosh, McMillan, Milligan, Montgomery, Muir (*Lisgar*), Nasserden, O'Leary, Pascoe, Peters, Racine, Rapp, Regnier, Richard (*St. Maurice-Laflèche*), Rompré, Smith (*Lincoln*), Southam, Speakman, Stanton, and Thomas—(44).

Mr. Peters proposed that Mr. Milligan be Chairman of the Committee. Mr. Milligan requested that his name be withdrawn.

On the motion of Mr. Montgomery, seconded by Mr. Howe, Mr. Stanton was elected Chairman.

Mr. Stanton took the Chair and thanked members of the Committee for the honour conferred upon him and asked for the co-operation of all members. Mr. Stanton welcomed Mrs. Casselman as a new member to the Committee and mentioned that it was the first time a lady sat on this Committee.

The Chairman then read the Orders of Reference.

Moved by Mr. Peters, seconded by Mr. Argue, that Mr. Milligan be Vice-Chairman of the Committee. On the request of Mr. Milligan, it was agreed that his name be withdrawn.

On the motion of Mr. McBain, seconded by Mr. Muir (*Lisgar*), Mr. Jorgenson was elected Vice-Chairman.

On the motion of Mr. Pascoe, seconded by Mr. Hicks,

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

On the motion of Mr. Fane, seconded by Mr. Henderson,

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

Moved by Mr. Southam, seconded by Mr. Grills, that the Committee seek permission to reduce its quorum from 20 to 15 members.

After discussion, the motion was approved on the following division: Yeas, 26; Nays, 12.

Moved by Mr. Horner (*Acadia*), seconded by Mr. Charlton, that the Committee request permission to sit while the House is sitting.

After discussion, the motion was approved on the following division: Yeas, 22; Nays, 15.

At 11.55 a.m. the Committee adjourned to the call of the Chair.

TUESDAY, March 17, 1959.

(2)

The Standing Committee on Agriculture and Colonization met at 10:00 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Best, Boivin, Broome, Brunsdon, Cadieu, Mrs. Casselman, Messrs. Charlton, Fane, Fleming (*Okanagan-Revelstoke*), Hardie, Henderson, Horner (*Acadia*), Jorgenson, Kucherepa, Lahaye, MacLean (*Winnipeg North Centre*), McBain, McIlraith, McIntosh, Michaud, Montgomery, Nasserden, Noble, Pascoe, Phillips, Rapp, Southam, Speakman, Stanton, Thomas, Thompson, Villeneuve, and Walker—(33).

In attendance: The Honourable Davie Fulton, Minister of Justice, and Mr. E. L. Taylor, Oakville, Ontario.

The Chairman read the Committee's Orders of Reference.

On motion of Mr. Walker, seconded by Mr. Fane,

Resolved,—That the Committee print, from day to day, 750 copies in English and 250 copies in French of the Committee's Minutes of Proceedings and Evidence.

The Chairman announced the composition of the Sub-Committee on Agenda and Procedure comprising the following members: Messrs. Phillips, Lahaye, Horner (*Acadia*), Peters, Boulanger and Forgie.

The Chairman called on Mr. Fulton who elaborated on a prepared memorandum distributed to the Committee members relating to the humane slaughter of food animals.

Mr. Fulton was questioned and after undertaking to provide two draft bills to the Committee, he was thanked by the Chairman.

Mr. E. L. Taylor, of Oakville, Ontario, after being introduced by the Chairman, summarized a brief previously distributed to members of the Committee, was questioned and supplied information thereon.

At 11:50 a.m. questioning continuing, the Committee adjourned to meet again at 10.00 a.m., Thursday, March 19.

M. Slack,
Clerk of the Committee.

EVIDENCE

TUESDAY, March 17, 1959.
10:00 a.m.

The CHAIRMAN: Gentlemen, I believe we have a quorum.
The first item is the order of reference which I will read now:

That the standing committee on agriculture and colonization be empowered to print from day to day such papers and evidence as may be ordered by it, and that standing order No. 66 be suspended in relation thereto; that the quorum of the said committee be reduced from 20 to 15 members; that standing order No. 65 (1) (f) be suspended in relation thereto; and that the said committee be granted leave to sit while the house is sitting.

Also that the subject of humane slaughter of food animals be referred to the standing committee on agriculture.

I would like a motion from the committee to print. I believe at the last session we printed 750 copies in English and 250 copies in French of the proceedings of the committee. (Moved by Mr. Walker and seconded by Mr. Fane, that 750 copies in English and 250 copies in French of the proceedings and evidence be printed.)

Agreed.

In respect of the members of the steering committee, I have tried to be as fair as possible, having in mind the various areas in Canada. The following are the members of the steering committee: Mr. Phillips, Prince Edward Island; Mr. Lahaye, Quebec; Mr. Horner (Acadia), Alberta; Mr. Peters, Ontario; Mr. Boulanger, Quebec; and Mr. Forgie, Ontario.

We are very fortunate this morning in having with us the Minister of Justice, the hon. Mr. Fulton. Without further remarks I will call on the hon. minister to address you pertaining to the humane slaughter of animals.

Hon. E. DAVIE FULTON (*Minister of Justice and Attorney General*): Mr. Chairman and members of the committee, I am very grateful to you for being given this opportunity to discuss with you some of the problems which have confronted us in our attempts to prepare legislation dealing with the subject of the humane killing of animals.

In dealing with the subject we have, of course, confined our attention to food animals, because that is the problem put forward by the humane slaughter societies. I outlined very fully in the House of Commons recently, the problems which we had encountered. You will find on *Hansard* the considerations with which we had to deal. Perhaps I might try to summarize those for you this morning. I am in a position to let you have a printed memorandum which I will be following here in my remarks.

We have been trying for two years now to devise effective legislation to ensure that all food animals killed in Canada are killed by humane methods. Our first approach was by way of an amendment to the Criminal Code. The Criminal Code now contains a section which makes it an offence to be cruel to an animal. We thought if we could amend that section to cover the slaughter of animals in commercial plants we would have an answer to the problem.

After we had drafted the bill and introduced it in the House of Commons—in fact we introduced two draft bills—we had so many objections from organizations which had a legitimate interest in the subject, that we came to the conclusion this method of attacking the problem by way of criminal law was not a satisfactory one.

Therefore we turned our attention to seeing if there was not another approach under other legislation. We found that really what we were trying to do, or what we had to do, in order to meet this problem effectively, was to regulate the methods of slaughter in packing plants.

To summarize the position, it becomes obvious that the Criminal Code is not a suitable field for regulations. Provisions of the criminal law have to be of broad general application. We found that if we made a law of a broad general application, then it would be so wide as to include in its compass many people who should really not be included at all.

We then turned our attention to seeing if there was some statute in existence now under which we could do what is necessary to do, namely, regulate the methods of the slaughter of food animals.

Perhaps I had better put some of the thoughts in this memorandum on the record. We have now in effect in our thinking two alternative proposals which could be described briefly as follows: first—an amendment to the Criminal Code which must, in effect, describe a class of acts that are prohibited under sanction of a penalty, because parliament regards them as so contrary to the public concept of what is morally permissible that their commission should be punished by the state.

It is important to bear in mind that the enforcement of the Criminal Code is the responsibility of local police authorities and the provincial attorneys general, so that even if you did devise an amendment to the Criminal Code you would have the problem that its enforcement is the responsibility of the provinces.

The other approach would be a statute authorizing regulations which would be in addition to laws that have already been enacted by parliament—for example, the Meat Inspection Act—in the exercise of its legislative authority in relation to interprovincial and international trade, and by which meat is not permitted to move in such trade channels unless it has been processed in plants operated in accordance with prescribed methods under the supervision of federal inspectors. Such regulations would not be enforced by policemen and crown prosecutors when someone is caught in an infraction, as is the case in the criminal law.

The reason why the Criminal Code amendment is not a good approach to the problem is that what is contemplated is, in reality, regulation and not prohibition. Any realistic approach to the elimination of suffering from the slaughtering of animals has to be so hemmed about by exceptions and qualifications that it loses any semblance of being true criminal law.

Some of the manifestations of this are: The best provision that could be devised for the Criminal Code failed to meet the legitimate demands of almost every interested group. This is illustrated by the following paragraph from my statement of September 6, 1958, which appears at page 4705 of Hansard. Here I was summarizing the objections and protests I had received against the draft bill which we had introduced.

The submissions which raised new considerations deal with such points as the problem of providing for those cases where slaughter, or preparation for slaughter, is carried out in conformity with certain religious ritual; the designation of approved appliances; the availability in Canada of equipment necessary particularly in the case of certain classes of animals; the desirability of defining "humane method" in

advance so that those installing certain devices will know for certain that the expenditures made will not be thrown away; the problem of legislating in such a way that large commercial slaughter houses will be covered without at the same time imposing conditions which it is impracticable or impossible for small concerns or individual farmers to comply with—all matters which present real problems when criminal legislation is concerned.

If you impose a method by criminal law you could not make exceptions and say that some people if they do certain acts would be guilty of a criminal offence, but that others, if they do them, will not be guilty of a criminal offence. That makes a folly of criminal legislation. I think it was said that if we did make a broad general criminal enactment we would be including in the scope of the law many people who had no criminal intent whatsoever and whom it would be foolish to expect must use the devices which would be the only sure protection against a criminal charge, including the installation of expensive humane slaughter machinery. Again, in connection with religious ritual, one of the main objections came from the Canadian Jewish Congress. We found, in order not to include ritual slaughtering under a criminal Code provision, it would be necessary to make a blanket exception for animals slaughtered in accordance with religious ritual. The Canadian Jewish Congress pointed out that in their view the actual slaughter by the ritual method, which is a single stroke of the knife, is a humane method of slaughter because it produces instant unconsciousness. However, the manner in which the animal has to be prepared for slaughter by this ritual method was a problem, which we could not meet unless we excepted ritual slaughter from the draft. They said to us that if we except ritual slaughter from the Criminal Code provision, then by necessary inference we are branding ritual slaughter as a cruel method; because here on the one hand we are saying cruelty in slaughtering is prohibited and then we turn around and except from the provisions of this prohibition the slaughtering of animals in accordance with religious ritual, the inescapable inference being that we were branding their method as cruel. This seemed to be a valid point of objection.

It went on to all the various interested bodies. The small packing houses said that if we enact this criminal legislation, then certainly the big packers who can afford it will install sure-fire devices which are obviously not cruel; the courts would tend to look at what has been done in certain big plants and say, "Well, if this can be done, we will demand or expect that it be done in every case,"—because undoubtedly there would be evidence that these devices could ensure that slaughter would be carried out by a humane method. The view of the smaller packing houses was that in order not to be prosecuted and convicted as criminals, they would have to install these expensive devices which were designed for large-scale operations. It would be out of the question, both financially and from the point of view of the suitability to their operation, for them to install these devices.

Nevertheless, recently there have been a number of developments in this field, so I am informed, which to make it possible for alternative devices to be used, some of which are suitable for large plants and some of which are suitable for small plants, the use of which will ensure humane slaughtering. But Parliament cannot enact under legislation that one type of device will be used at one plant and another type of device at another. That becomes a matter of regulation.

Therefore, we found that if we were to meet these objections which had been raised, we would have to enact legislation that was so limited, contained so many qualifications and covered so many variations of the situation, that there must be some doubt that it would be valid criminal law.

Still, in any event, a Criminal Code provision must contain such a number of general expressions—for example, humane slaughter, which must be included in the provision—that it will be given different meanings in different parts of Canada, and even by different magistrates in the same localities.

Next, it cannot be expected that local police authorities could attain anything like 100 per cent compliance with such a provision in the Criminal Code. It would call for a specialized type of enforcement officer who would not be available to them, and it was indicated that, in any event, more pressing problems of criminal law enforcement would, as far as our police forces are concerned, take priority over the inspection of packing houses.

Another objection—to which I have already referred—was with reference to smaller plants. A Criminal Code provision might force many of them, who cannot afford expensive equipment, out of business.

Finally, a point that was of very great concern to us. Since the Criminal Code provision must cover the slaughter of food animals, it must also include slaughter of animals on the farm. It looked to us as though this Criminal Code provision would almost certainly make a criminal out of any farmer who killed an animal on his own farm, whereas a regulatory provision would leave it to the regulations and, if desired, to local legislation to decide what, if any, local regulations are needed for farm killing.

To summarize, if you have a Criminal Code amendment you are going to make criminals out of a lot of people whom it is not intended to cover, or else you are going to have a law on the statute books which is more honoured in the breach than in the observance. Both those conditions would make this bad law. Whereas, if you can devise some method by which you have authority to regulate the slaughtering of food animals, then you can make effective regulations. I am not suggesting for a moment that they be less rigidly enforced in any one place than another, but you have a degree of flexibility which will enable you to cover exactly those people you want to cover and to require that the type of device used can be suited to the type of operation which is being carried on. It is only by regulation that you can achieve that objective.

The other advantage of the regulation under a federal statute is from the point of view of enforcement, because then the same authority which enacts the law or makes the regulation will also be responsible for enforcing it, whereas in the Criminal Code we enact the law but it is up to the provinces to enforce it. We did have objections from a number of attorneys-general that, firstly, they felt this was not good criminal legislation and, secondly, they saw very great problems in obtaining uniformity or acceptability of enforcement.

After considering all these factors, we as far as the Department of Justice was concerned, came to the conclusion that the Criminal Code approach, hard though we tried to devise a workable amendment, was not a satisfactory vehicle for dealing with this problem.

As I indicated in the house when I moved the resolution to refer the subject to this committee, there is available of course the draft of the Criminal Code amendment. It was before the house last year. We would also be prepared to give this committee any help that it requires by way of suggestions or advice on how any other approach could be worked out and incorporated into legislation. But the government does not wish to tell this committee what it should do.

I have tried to outline the difficulties under the Criminal Code approach and some of the advantages under the alternative approach, but we would appreciate it if the committee, considering the matter, would decide what is the best approach; and in the course of your consideration we will be prepared to help you in any way that you want.

The CHAIRMAN: Thank you, Mr. Minister. Are there any questions the committee would like to ask?

Mr. JORGENSON: Mr. Chairman, I understand that this type of legislation is in effect in other countries. I wonder if the minister would care to outline how the United States, for example, or other countries, deals with this problem.

Mr. FULTON: I have not the file with me containing that information. I had notice to come to this meeting rather late and I did not have a chance to bring my officials with me. But my recollection is that in the United States they have some power under the inter-state commerce approach, and they either have introduced or are contemplating the introduction of law that says that no meat used for federal government purposes—army camps, and so on—will be used unless it is slaughtered in compliance with certain regulations.

Mr. BROOME: Mr. Minister, that law has been passed?

Mr. FULTON: That has been passed, I understand. In the United Kingdom they have a law on their statute books; but it will be appreciated that the United Kingdom does not have a Criminal Code in the sense that we have; and so their law, while of a quasi criminal nature, does not present the same problems that a straight amendment to our Criminal Code presents.

Mr. BROOME: Mr. Minister, what about the other countries—Norway, Sweden, Denmark?

Mr. FULTON: They all have legislation, but I regret that I am not able to answer in detail in that regard this morning. If the committee desires, I will have a memorandum prepared on that. It might be useful.

Mr. JORGENSON: I think it would be very useful.

Mr. BROOME: I think there was an investigation carried out jointly by the department of agriculture and the Society for the Prevention of Cruelty to Animals, the results of which might be made available to us.

Mr. FULTON: The department of agriculture has carried out a great deal of research. Dr. Gwatkin of that department is an expert in this field, and it is my thought that the committee would undoubtedly want to call him. He has studied the problem here and in the United States and in the European countries, and he could give you first-hand evidence of what he found there, and probably on the laws in those countries. But in our department, in so far as we have information we will prepare a memorandum of the actual legislative position.

Mr. BEST: I think Dr. Gwatkin is at present away for a time, but this might be possible after his return.

Mr. KUCHEREPA: Mr. Chairman, I have a question arising out of the minister's remarks. He said that the problem relative to ritual slaughter was complicated by preparatory methods. I was wondering whether the minister felt we should examine our slaughtering methods entirely, or would preparatory methods be covered by our legislation?

Mr. FULTON: That is the great advantage of the regulatory system; you would have a system which was flexible enough to cover those steps which must be taken in the course of preparation for ritual slaughter. Whereas, if we enacted a criminal law to cover that point, you could not make it apply only to a certain class or group, and lay down what would have to be done in the preparation of animals for ritual slaughter. It would have to cover the slaughter of all animals, including those not intended to be prepared for slaughter in accord with religious ritual. That is why it is an advantage to have the degree of flexibility given by the regulatory approach.

Mr. BEST: Perhaps further witnesses could give us more information on that subject. There has been some debate as to just how much of the preparation for slaughter is exactly ritual and whether the ritual act lies in the actual killing or slaughter act alone. There has been some discussion on this point, which can perhaps be brought out.

Mr. FULTON: That is correct. I am not qualified to give evidence on that. My understanding, however, is like yours, Mr. Best, that the ritual requires that the animal be fully conscious at the moment of slaughter. Those who believe in it tells us that the act of slaughter is perfectly humane because it produces instant unconsciousness and there is no suffering.

The problem, however, is that if the animal must be fully conscious, it cannot be stunned. The question then arises as to the preparation of these animals, or their handling, up to the point where the stroke of the knife is administered.

Mr. BEST: But their handling, without the stroke of ritual slaughter, can possibly fall into methods leading up to slaughter and outside of the ritual act?

Mr. FULTON: Yes.

Mr. NOBLE: Mr. Chairman, does this legislation pertain to animals killed for human food only?

Mr. FULTON: It could cover the slaughtering of any animals. I suppose you have in mind the slaughtering of animals for dog meat?

An Hon. MEMBER: Fertilizers.

Mr. NOBLE: Does it pertain to ranch food?

Mr. FULTON: An animal on a farm can be killed by a perfectly humane method which does not require the installation of expensive machinery or, perhaps, the installation of any machinery at all. But if you are going to have criminal law and provide that there must be certain devices used, you cannot exempt farmers; whereas if you have regulations it is possible to cover farmers to the extent only that you think they should be covered.

Mr. NOBLE: It would not have anything to do with the killing of fur-bearing animals?

Mr. FULTON: Under the scheme that I have in mind tentatively, the regulations would cover only the killing of animals for commercial food.

The regulations can be made as broad or as narrow, as all-embracing or as restrictive as to classes, as is desired. That is the advantage of proceeding this way. If it were not the desire of this committee to include one group of animals or one group of people, that could be done, if you follow the device of a law which provides for the making of regulations.

Mr. MCILRAITH: Mr. Chairman, I have one or two very general questions. Perhaps I had better state them now because they may help to clarify the situation.

I take it that the minister's thinking is along the line that the legislation should be restricted to animals killed for food. Am I right in assuming that that includes human food and prepared food for animals—dog meat and so on?

Mr. FULTON: I suppose it is certainly arguable that animals killed for food, whether it be for human consumption or consumption say by dogs, should all be killed by humane methods. As I see it, the legislation could possibly be made sufficiently wide to cover all types, if the committee finds that that is feasible.

Mr. MCILRAITH: Possibly no distinction can be drawn. I suppose there is a moral distinction between animals killed for food and any other animals. But as a matter of practicable legislation I take it that the distinction is

drawn for that reason only. No one has come up with any practicable legislation that would have wider application and would be feasible. I take it that is the reason?

Mr. FULTON: Yes.

Mr. McILRAITH: It follows the conflict that we sometimes have in the legislative field between maybe a moral or a technical question and what is in the realm of the feasible?

Mr. FULTON: Yes. It is not good sense to enact legislation which is either beyond our capacity to enforce, or which will not receive general acceptance.

Mr. McILRAITH: And what is in the realm of possibility?

Mr. FULTON: Yes.

Mr. McILRAITH: I take it that your whole attitude is that you are prepared to assist the committee in bringing forward whatever government officials there may be who have specialized knowledge on any branch of this subject?

Mr. FULTON: Yes.

Mr. McILRAITH: Most of them would be in the Department of Agriculture, would they?

Mr. FULTON: Yes. The experts in the field of what devices would be available are in the Department of Agriculture.

I am quite sure that the meat packers council would also be able to provide some witnesses who would have expert knowledge in this field as well. But there are certainly witnesses who could be called from the Department of Agriculture to cover the technical side of it. Our department can cover the legislative side of it and the implications of the various proposals that might be considered.

Mr. McILRAITH: I presume the committee will also want to hear from some of the societies who have made a study of this subject; but in your own department have you had made a comparative study of legislation in other countries?

Mr. FULTON: Yes. I have not that here this morning but, as I say, I will have a memorandum prepared which I will provide to the chairman. If you would wish to ask questions on the memorandum we could provide a witness.

Mr. KUCHEREPA: Mr. Chairman, I have a question following the remarks made by Mr. McIlraith. Has the minister satisfied the committee that the present legislation contained in the Criminal Code dealing with this subject will be left as it is in order to look after any places not covered by the regulations?

Mr. FULTON: That would certainly be the intention, because the Criminal Code provision, which makes it a broad, general offence to be cruel to animals should, I think, still be left on the statute books. As one member of the committee remarked to me before the committee met, in discussing this approach, if that is done this committee can get down to the business of dealing with the problem that is really before it, namely, the humane slaughter of food animals. That is the problem; the problem is not concerned with cruelty to animals generally.

Mr. BROOME: Mr. Chairman, may I ask the minister a question? Why is this document marked "Confidential"? It has been read into the record.

Mr. FULTON: It was given some limited circulation prior to its production here.

Mr. BROOME: It is no longer confidential?

Mr. FULTON: No, not now.

Mr. BRUNSDEN: There has been a great wealth of—I do not like to use the term “propaganda”—material with respect to the main side of this question. I am wondering if there is a volume of objection because of any change in the system, on the basis of practicality or expense, or any other reason?

Mr. FULTON: I will answer that question in two ways. The representatives of the packing plants with whom we have discussed this subject have at no stage said they do not want legislation. They are perfectly prepared to accept legislation. They recognized the demand for it and that it is a legitimate demand. They are prepared to accept the legislation. Their concern has been to avoid impracticable legislation or legislation which is so rigid that particularly it might drive out of business some of those smaller plants, which have an interest in this field. They know the legislation will call for installation in both large and small packing houses of machinery which will cost them some money. All of those with whom I have discussed the subject are prepared to accept that.

The other interest lies with the humane slaughter societies which, at first, were in agreement and anxious to see this done by an amendment to the Criminal Code. However, I understand that the Toronto humane society, which has been one of the prime movers in this, has come to the conclusion that Criminal Code legislation may not be applicable and that the other approach, namely regulation, would probably be the better way.

I have not had an opportunity to discuss this with the British Columbia society, which is also very active in this matter; but I express the hope and the belief that after a study of the matter they would also agree to such an approach to the matter.

Mr. MONTGOMERY: I wish to raise a question, although it might be out of order. This applies only to domestic animals. It would have nothing to do, for instance, with the hunting of deer and moose and animals like that.

Mr. FULTON: We have not thought about that and have not attempted to draft legislation which would cover it. That goes back to Mr. McIlraith's point, that it is foolish to put legislation on the statute books which is not possible to enforce.

Mr. BEST: If the action taken eventually should follow the line of a specific act, possibly administered by certain officials of the Department of Agriculture, in the opinion of the minister how broad would it be, what type of establishments would it cover, and how many types of establishments could be covered by that form of legislation?

Mr. FULTON: I think the answer should come from officials of the Department of Agriculture. However, I understand the broad answer is that it could cover the great majority of all plants processing food for consumption in Canada.

Mr. MCILRAITH: This is a question which may be embarrassing and improper to ask. I will put it and if the minister is disinclined to answer it, I shall be agreeable.

The minister is here as the Minister of Justice, and properly so, if this is an amendment to the Criminal Code; but if he is dealing with wholly new legislation involving regulation by some federal authority, presumably that would be under the Department of Agriculture. It might well be that the proposed bill, which is suggested this morning, might be something which would come, not under the jurisdiction of the Minister of Justice in the ordinary course of events, but rather under that of the Minister of Agriculture.

Mr. FULTON: That is quite true. I am sure hon. members would want to hear the Minister of Agriculture as well on that point. I am not here to say that such other legislation should be introduced, or to discuss it in

detail, because that would be unfair to my colleague under whose department it might come. But we have discussed this matter in cabinet, and the Department of Agriculture and my department have both been studying it.

Mr. McILRAITH: You have made a very considerable study of this subject, and you have had it before you directly by way of the proposed amendments to the Criminal Code?

Mr. FULTON: Yes.

Mr. McILRAITH: So there is no practical difficulty. The thing has reached the point in the government field that we are not getting into any conflict?

Mr. FULTON: No. I would not be here and I would not have said what I have said if I understood there was any possibility that it would be entirely unacceptable to the Department of Agriculture.

Mr. McILRAITH: Thank you. I just thought that this should be on the record.

The CHAIRMAN: I might say that the minister and the officials from the Department of Agriculture expect to be at the next meeting of this committee.

Mr. THOMAS: Could we have the minister comment on the jurisdictional aspect of this, as between the federal and provincial authorities? We realize that if an amendment is proposed to the Criminal Code it is passed by the House of Commons, and administered, as the minister said, by the attorney-general of the provinces. However, if it comes under regulation through the Department of Agriculture, there may be some questions arise as to the jurisdiction of the federal Department of Agriculture and that of the provincial Department of Agriculture.

Mr. FULTON: I would point out there is now a provision under which the Department of Agriculture inspects meat packing plants. There is no question of its jurisdiction because they are products which go into inter-provincial or international trade. As I said in answer to Mr. Best, they cover the great majority of the packing plants in Canada. So that you have there a device under which you can extend the activities, to include this problem of inspection from the point of view of humane slaughter devices, without any problem of jurisdiction or of the right to inspect or to enforce the regulations.

Indeed, I think you would have the advantage of the fact that the same authority which has enacted the legislation and is responsible for it is also responsible for the administration and enforcement of the regulations made under it. So that you really almost have a better situation from the point of view of responsibility for supervision than you do under the Criminal Code.

One of the great desires of the humane slaughter societies has been that it be something which would have universal application. While the Criminal Code would have universal application, I come back to the point that its enforcement is provincial, and you will get only the degree of enforcement which officials in the service of the province happen to attach to it.

While there may be certain small areas not covered by the second provision, namely those plants which do not enter interprovincial or international trade, nevertheless, if the provinces are concerned about this matter, then they can enact legislation or regulations to plug those gaps. I would think in that way you can get 100 per cent coverage; and you are just as likely to get 100 per cent coverage in this way as you would be under the Criminal Code, because if any province was not in fact prepared to plug any gap which existed, it is fully arguable that that province would be equally unprepared to be very alert in enforcing the Criminal Code provision.

I am quite satisfied you will get as effective and complete coverage, if not more effective and more complete, under the second proposal than you will under the Criminal Code method.

Mr. BROOME: Would it be in order to request that a list be prepared by the Department of Agriculture of the packing plants covered under the regulations in respect of interprovincial and international trade.

The CHAIRMAN: That will be a question which we can bring up at the next meeting when the officials from the Department of Agriculture will be here.

Mr. BROOME: I was trying to save time, because this is a question which will be asked of them.

Mr. THOMAS: I have a general question. Has consideration been given to the matter of preparation of meat other than, we will say, that of animals? I am not too well versed in the classification of animals, but what about birds and fish? They would also come under the definition of food commercially prepared.

Mr. FULTON: Well, so far as poultry is concerned, I am not sure whether or not the legislation under the Meat Inspection Act covers poultry, but I rather fancy it does, because there will be some processing of poultry which enters into interprovincial and international trade. It seems to me it will be a question for the committee to decide whether or not they want legislation brought in which will cover poultry and fish.

You would have a different problem in respect of fish, because you would probably have to get at it through the Department of Fisheries. Our attention has been directed so far only in respect of meat in the normally accepted sense of the word.

Mr. THOMAS: I would think, Mr. Chairman, that the committee would be well advised to confine their activities to those questions which are brought by organizations across the country, rather than to dig up any new subject.

Mr. FULTON: I would think so. You are getting into a pretty thorny problem. I am not suggesting the other does not require solution; but I am a great believer in taking things one step at a time.

Mr. SOUTHAM: This is a matter of general thought. I was speaking to the assistant manager of a commercial meat packing plant in Saskatoon a few weeks ago. The thought he had in mind was that a lot of the packing plants would be considered not to have humane methods, that they would be put to a great expense and that there would be a good deal of commercial change-over in respect of equipment. I was wondering if any thought had been given to that aspect?

Mr. FULTON: Again that is a matter the committee will have to consider and decide for itself. I should imagine the committee would conclude that, if it is agreed there is a real problem here which would require legislation for its solution, they would not be prepared to see too much delay before the legislation becomes effective. However, if the committee decides there is a problem and that there is a need for delay in bringing the legislation into effect, that could be taken care of. If you have it as a criminal law, you cannot bring it into effect by steps; it has to come into effect all at one time.

That is a problem we were faced with when we were told by packing plants that even if they made the best efforts possible they were not sure they would be able to have these devices installed in a matter of an appreciably short time.

I am not suggesting what the committee should decide on this, but I am pointing out that, whatever the committee decides to do, we are endeavouring to suggest a means which will make it possible for them to have a flexible device

to make it possible for the committee to do what it thinks should be done in this field.

The CHAIRMAN: Are there any further questions, gentlemen? What does the committee think about the two draft bills the minister has referred to being distributed to each member of this committee?

Mr. McILRAITH: Would the minister be prepared to submit those bills to the committee?

Mr. FULTON: Certainly. If I am asked to do that, I will be pleased to provide them. One of the bills would be the same as the Criminal Code bill that was introduced last session. We might have to have it reprinted. That is no problem.

We would have to have the other one drafted for you, if you wish it, and have it available for distribution. I take it that the basis on which that would be asked is not that these are the government's current suggestions, but an attempt by the government, through the department, to provide something that is available to the committee for their concrete proposals?

The committee would decide which one it likes, or if it likes either one of them, and the amendments could be made and effect given to either of these two proposals.

Mr. McILRAITH: I would like to have those bills made available at some point. I doubt if now is the appropriate time to make them available. The committee may want to hear some evidence before that.

Mr. FULTON: We will make them available. I will get busy on the drafting now and will make them available for whenever you may ask for them.

Mr. McILRAITH: Do you feel you have enough information to draft the second one now, or is there more information that might come to the committee before you draft it?

Mr. FULTON: It might be helpful to us to have knowledge of the discussions that take place here. I think I could produce something for you right now on both these approaches.

Mr. McILRAITH: Then perhaps if we could have something produced now on both approaches it may be we will want you to produce another draft bill later on.

The CHAIRMAN: Will you give me a motion to that effect?

Mr. BEST: Are we talking about two possibilities under the Criminal Code, or one possibility under the Criminal Code?

Mr. FULTON: One under the Criminal Code, as I understand it, and one by way of regulation under some other statute.

Mr. BEST: I just wanted to clarify that.

The CHAIRMAN: Could I have a motion to that effect?

Mr. McILRAITH: Do we need a motion? It is simply a request to the minister. I do not know that we can order the minister to do anything, but we are making that request.

Mr. FULTON: I will certainly accept that request as being just as compelling on me as a motion.

Mr. KUCHEREPA: Because of the deep concern the minister has for this problem and the interest he has taken in it, could the committee have him attend the hearings on this very vital subject?

Mr. FULTON: I do not know that I can attend all of them, Mr. Kucherepa. I know there will be occasions when you will have other witnesses before you. I am quite sure there are a number of people who want to come and be heard, and I think your problem will be to hear as many as would like to come. But any

time the committee wants me to come, and will let me know, I will be glad to come myself; or, if the committee does not want to hear me, I will be glad to send departmental officials. But I do not think I could attend all the hearings of the committee.

Mr. MCBAIN: Along that same line, would it not be possible to have officials of the Department of Agriculture on hand at all times as observers, because they are going to be the ones who are eventually going to administer the legislation?

The CHAIRMAN: I have given that some thought this morning and I was going to get in touch with the minister during the day. I think that is a very good idea.

Mr. MCILRAITH: We do not want to lose the active interest of the Minister of Justice in this. Perhaps when the Department of Agriculture comes into it we could find some formula that will keep both ministers in both departments interested in the subject.

Mr. FULTON: I can assure you that, while it may be the committee will decide the responsibility rests with another department, I will not be satisfied until an effective and workable device is arrived at.

Mr. MCILRAITH: Thank you.

Mr. THOMAS: Mr. Chairman, would it be wrong to suggest that both departments be invited to have observers here at every meeting of the committee? If the ministers cannot be here themselves all the time, observers on hand would keep them covered.

Mr. FULTON: I make only this comment in reply. The Department of Justice does not have any excess of staff and it would be quite a strain on us to have somebody here at every meeting of the committee. You will appreciate that there are records kept of these proceedings. All the evidence given is taken down and printed. My officials can read that and will know what has been said, and any time you want them to come and discuss the implications of any of the evidence that has been given or if you want us to give any evidence on the subject, we could come specifically for that purpose. I suggest that since you do have this printed record—for this very sort of purpose—it is not necessary to have my officials here at every meeting, because they can keep abreast of what is going on by reading the record and they can come any time you ask them in order to discuss what has been said.

Mr. HORNER (*Acadia*): I would like to ask a question in regard to the Criminal Code. I think there has been quite a bit of talk done on it already, and because of the fact that nothing has come of that, I think the committee should not waste too much time in considering that approach. As the minister pointed out, he has had it under study for two years now and has drafted two different bills. Neither one has proved too successful. I would ask the committee to dwell more on the regulation side of it than on the Criminal Code approach.

With regard to fowl, I fail to see how the same method of killing would apply that applies to other food animals. I fail to see how you could include fowl in this and do it by a practical method. I do not see how you could.

The CHAIRMAN: Is there anything further, gentlemen?

Mr. FULTON: I understand that you would like me to prepare and deliver to the chairman, if possible for your next sitting, two drafts?

Mr. PHILLIPS: Yes.

The CHAIRMAN: Thank you, Mr. Minister. I am sure we all appreciate your being here with us, and no doubt we will be calling on you again before the proceedings are over.

There is one thing I forgot to mention when we started this committee. I am sure I am voicing the opinion of all when I say that we do appreciate the new agriculturists who have been put on this committee in the last couple of days. I think Mr. Walker is going to take up wheat, and some others will take up some other agricultural product during the year.

Gentlemen, we have Mr. Taylor with us today, He has been closely associated with the livestock industry on both sides of the Atlantic from 1923 to 1955.

Some members of this committee may remember him as owner of the Kelmscott herd of imported Yorkshire swine which was dispersed in 1953 at a world-record figure for the breed.

In 1955 he interested a group of American businessmen in establishing Wessex Saddleback swine in the United States. He was appointed consultant to the breed association there and commissioned to select and import the foundation stock from the British Isles.

In Britain, between 1923 and 1933, he did intensive practical work on available humane slaughter methods preparatory to the passing of the first British Slaughter of Animals Act in 1933.

In 1957 the Toronto Humane Society asked him to advise as to whether there were humane slaughter methods available for immediate universal use in Canada. His report stated that there were these methods, suitable for every size of operation, and that none need suffer any hardship from their adoption.

Since then he has kept in close contact with the justice department and has made sure that it has been kept informed on all the latest developments. In this matter of humane slaughter we have an individual of long experience in the field here today and, while he wrote the brief on assignment from the Toronto Humane Society, he is here as a totally independent entity, anxious to assist this committee in every way he can.

I am sure that we appreciate Mr. Taylor being with us and I will now call upon him to make a few remarks prior to the members of the committee asking him questions.

Mr. E. L. TAYLOR: Mr. Chairman, gentlemen, it is a great honour to appear before you. I feel somewhat like a David among the Goliaths, but I think I can answer one or two questions that have been raised in the last few minutes.

Firstly, as the chairman said, I did produce this brief for the Toronto Humane Society, under assignment. I am appearing now as an entirely independent individual and I am not representing any society. In fact, I am not a member of any society.

Mr. Chairman, I have always favoured the Slaughter of Animals Act as opposed to the Criminal Code for the reasons which the minister has just given. It would make a criminal out of everybody, and it would be very, very difficult to supervise farm slaughter. I understand that certain people have a copy of this blue-covered brief which I wrote. In that brief is a suggestion as to the actual wording of the Slaughter of Animals Act. This wording is not my own—I am no lawyer—but it has been condensed from the British acts, which I have here, which range from 1933 to 1958. They have been Canadianized in order to make them applicable to Canadian conditions. For instance, in one of the sections there is an alternative method to securing the head of the animal. You will see that in one of the subsections it says that the animal's head must be secured, or frozen, by means of Seitz lights. I have drawings of them here. The lights work in the same way as the headlamps of a car. If you are driving along in a car and you catch some animal in the headlights, it just freezes the animal. That method has been used and is being used quite extensively in the United States. It was evolved by the Seitz Packing Company of St. Joseph, Missouri.

With regard to the United Kingdom legislation, I have the whole law here from beginning to end. There was a question raised about kosher slaughter. I have been in quite close contact with humane societies all over the country, and there is no objection to kosher slaughter or "schechita", as it is called. There is no objection whatsoever.

I am giving you a great deal of material here that you will find in the brief. With this method of kosher slaughter the knife has to be twice the length of the width of the animal's neck, and the knife is so sharp—in fact, it is even sharper than a razor—that there are just two cuts, one, two, and the animal dies immediately. It is not a very pleasant sight. It has been termed "spectacular", which pretty well covers it. It is spectacular. It looks very cruel, but it is not. I would like to emphasize that the humane societies do not object to schechita.

There are two steps in kosher slaughter. One is restraint of the animal and the other is the actual slaughter. I have a letter here from the Canadian Jewish Congress, which also appears in the brief and which, no doubt, you may have read. It says, "What should be particularly made clear is that the methods employed in yoking and shackling cattle before slaughter are not any part of the system of kosher slaughter, and it is erroneous to refer to them as such, as have many current reports. We are confident that with proper investigation and study, packers and abattoir authorities could devise humane pre-slaughter procedures with which kosher slaughter is in full conformity".

So we are not concerned with schechita at all, but we are concerned with the humane method of restraint. There is a humane method of restraint in the shape of the Dyne casting pen, of which you also have a picture in the brief. This apparatus is compulsory in a number of countries. There is now a distributor in Toronto and I understand—I do not know whether I am speaking out of turn—I believe this very day the Toronto city council is giving an order for four of these pens. I am here, Mr. Chairman, just to say what you want me to say.

Mr. WALKER: Mr. Chairman, could Mr. Taylor—who is probably the greatest expert on methods of humane slaughter; the actual physical, mechanical and chemical methods—get right to the point, because I know we all want to hear from him about the very up-to-date humane methods of slaughter. Is not that the point?

Some hon. MEMBERS: Yes.

Mr. WALKER: We appreciate very much your introduction, Mr. Taylor, but now that you ask what we want, would you come right to the point.

Mr. TAYLOR: I will. There are methods of slaughter available at every price and for every type of animal.

This weapon, here, is what is called the Cash captive bolt pistol, or "Cash X" pistol, which was designed in 1911. I believe this costs around \$70 and it is available for all classes of stock.

There is a lighter pistol that is used for smaller animals such as lambs. That is what is called a "Short Cash X". That is within the means of anybody to buy.

Mr. WALKER: Will you explain how it works?

Mr. TAYLOR: Yes. This is a model, here. You put a blank .22 in there, in the breech, but you cannot fire it unless you push this safety catch. The thing is quite safe; there are no accidents.

When you get the powder charge here, it forces this bolt along the barrel into the animal's head. In between here there is a wad of grease which you replace after every 50 shots, or check after every 50 shots. This pistol is being used in a number of plants in Canada, the United States, Britain and all over the world. Essex Packers at Windsor are using this in connection with

what is called a "pig trap", which is actually a cradle. The pig comes into this trap, the floor drops out and it fixes the animal in the trap. Then you shoot it and you eject it from the trap. I think there is a picture of that in the brief. The pig then goes out on the floor and is stuck and hoisted in the usual way.

Mr. WALKER: Have you any figures as to how many pigs can be killed in an hour in that way?

Mr. TAYLOR: Essex Packers are killing 120 an hour.

Mr. WALKER: They have the pig trap?

Mr. TAYLOR: Yes.

Mr. WALKER: The pig trap is to secure the pig, and you then apply the bolt pistol with ease?

Mr. TAYLOR: That is correct.

Mr. BEST: Are we dealing with two types of apparatus, holding or restraining apparatus and actual slaughter apparatus?

Mr. TAYLOR: That is correct. Canada Packers at Saint John have the same thing. That is a low production plant.

Mr. FANE: Is that not likely to kill the pig by itself?

Mr. TAYLOR: No; it does not kill the pig at all.

Mr. FANE: It stuns it?

Mr. TAYLOR: It stuns it. It goes through the frontal bone into the brain. It will not, obviously, revive.

Mr. BEST: It is a penetrating bolt?

Mr. TAYLOR: Yes.

Mr. BEST: Are there other types of stunning apparatus?

Mr. TAYLOR: This is the Remington with mushroom head.

Mr. WALKER: Is that all you have to say about the bolt pistol?

Mr. TAYLOR: Yes.

Mr. WALKER: And you recommend that as being practicable?

Mr. TAYLOR: I do. It has been used since 1911 with perfectly satisfactory results.

Mr. WALKER: And it is the cheapest kind of equipment for pigs?

Mr. TAYLOR: Yes. Also, you can do up to seven calves a minute with it.

Mr. BEST: To explore Mr. Walker's idea for a moment, could we cover the animals this small pistol can be used on?

Mr. TAYLOR: It is suitable for all animals. The Seitz Packing Company in Missouri are doing 250 animals an hour with one pistol.

Mr. BEST: That is mature cattle?

Mr. TAYLOR: That is mature cattle; and you can use it from the largest beast to the smallest lamb. The only difference is that you put in a little weaker cartridge for the lamb.

Mr. THOMAS: You speak of stunning and killing. What is the difference between the effect of that instrument and a bullet?

Mr. TAYLOR: That covers two questions. A bullet may go through into the medulla. If it goes straight through into the medulla it kills the animal—rather, it does not kill it; it paralyzes the animal. It may destroy the brain on the way, and probably does. But it paralyzes the animal and it will not bleed. On the other hand, if you only damage the frontal bone, the reflex actions are still there. If you damage the medulla of the animal, it will just freeze up. It is these reflex actions which pump the blood out of the animal, so when you shoot a pig with this you have to stick it within

about five or six seconds. If you do not, the reflex actions will be so strong that you will have a very difficult job to stick it.

Mr. THOMAS: How long after they have been stunned do they have to be stuck?

Mr. TAYLOR: With hogs, they have to be stuck at once. That is no problem at all. Immediately they are ejected from the trap they are stuck on the ground, and hoisted. That has to be done at once, or more or less at once—within a few seconds.

Mr. WALKER: In other words, the stunning process is before the hog is stuck and hoisted?

Mr. TAYLOR: Yes.

Mr. WALKER: That is why it is humane?

Mr. TAYLOR: Yes.

Mr. WALKER: Otherwise the hog is hoisted alive and then stuck?

Mr. TAYLOR: Yes.

Mr. VILLENEUVE: It alleviates a lot of the squeal?

Mr. TAYLOR: It leaves a lot of the squeal behind.

Mr. THOMAS: The other point is getting the blood out of the carcass. I have often done this on the farm. I have stuck a knife into an animal, but I have never stuck a knife into an animal without stunning it. However, there are always those who argue that it is better to stick them without stunning them. I never could see that point.

Mr. TAYLOR: You are quite right there, as long as the medulla is not damaged. The danger with a bullet is that it goes through the medulla to the back of the head. But it has been proved that a stunned and relaxed animal bleeds far better than one that is struggling and alive. So you are quite right in that.

Mr. THOMAS: Would you say that with a stunning device they have to be stuck just as quickly?

Mr. TAYLOR: Yes.

Mr. THOMAS: If they are merely stuck, the stunning may last and they may be unconscious for perhaps five or ten minutes?

Mr. TAYLOR: No, because if you knock out a pig with a bullet you have, even then, got to stick it pretty quickly in order not to get the blood splashing. The bullet situation in a slaughter house is extremely dangerous, as you know. But this is a universal weapon.

Mr. WALKER: That is foolproof?

Mr. TAYLOR: Absolutely foolproof. I have in my case there a copy of a very old booklet issued by the royal society for the prevention of cruelty to animals in England. It was published in 1931. In that booklet there is testimonial after testimonial from little tiny country butchers. They have used this satisfactorily and would not use anything else.

Before I leave this question, Mr. Best will know that we have in Milton a small butcher by the name of Randall's Meat Market, and I have a letter here from Mr. Randall. You probably do not want me to read it. This letter is from Stan. Randall saying that he kills about 17 animals a week, that he has used this pistol for seven years and he would not, under any circumstances, go back to any other method, both from the point of view of the carcass, the animals' feelings and also the work entailed.

Mr. WALKER: Do not all vets and those who know about meat say that if you stun the animals and then stick them, the bleeding is far better than to hoist a live hog and then stick it?

Mr. TAYLOR: Yes. There are two reasons for that—the animal bleeds better, and if you are sticking a live animal you are sort of like a whirling dervish, and you are not sure whether you have got them right.

Mr. CHARLTON: I just want to ask, Mr. Chairman, a question on this point. There is a time for stunning and sticking. What is the maximum you allow before the animal starts to spasm?

Mr. TAYLOR: I do not want to stick my neck out, but I would always like to get them stuck within six seconds.

Mr. CHARLTON: That is the maximum time.

Mr. TAYLOR: Some of them. It all depends on what the animal is like. Sometimes you do not get reflex actions for ten seconds; but we like to stick them within six seconds, which is not a very difficult job.

Mr. NOBLE: How many shells can you put in this gun at a time?

Mr. TAYLOR: Only one—but they are easy to replace.

Mr. NOBLE: You would have to work pretty fast to get the number you mentioned.

Mr. TAYLOR: Yes. It can be done. As I said, the Seitz Packing Company are doing 250 cattle an hour.

Mr. MCBAIN: With one gun?

Mr. TAYLOR: I presume it is with one gun. I do not know. If they have got to have two, it does not matter, at \$70 apiece. Another thing they find with this is that the animals are easier to skin; you do not get what they call "stiff cattle", and there is no difficulty in skinning. If you have an animal that is frightened or hurt—Dr. Charlton knows what I mean—they get stiff and are difficult to skin. The Seitz Packing Company have found this has absolutely eliminated the "stiff cattle" problem.

Mr. CHARLTON: There is a compressed air bolt pistol too?

Mr. TAYLOR: Yes, the Thor.

Mr. CHARLTON: Do you recommend that as well as the cartridge?

Mr. TAYLOR: Yes, I would.

Mr. CHARLTON: What is the difference between the two as far as effectiveness is concerned?

Mr. TAYLOR: There is no difference in effectiveness. The point is, the Thor stunner is quicker. It resets itself in a fraction of a second. It is worked with a compressor, as you know—180 pounds.

Mr. WALKER: How much is that?

Mr. TAYLOR: \$1,000 or \$1,500, I guess.

Mr. WALKER: How much?

Mr. TAYLOR: Probably about \$1,000 or \$1,500. You have to have a 180-pound compressor with it. But it is necessary for very, very high production work.

Mr. THOMAS: Do these pistols have to be held right against the head?

Mr. TAYLOR: Yes, they do. The company that makes them issues very explicit instructions as to where they are to be placed. I have a number of those pamphlets, if you need them. But, summing up, this pistol is the weapon that has had the most experience over the years.

Mr. THOMAS: The animal would almost have to be held rigid before you used the pistol?

Mr. TAYLOR: Of course, it is not in these packing houses. In the knocking boxes you have to wait just as long as you have to wait with a hammer. But that is the reason that I have suggested in the draft of this brief that we

should use these Seitz lights, which freeze the animal and fix its head. But you have really got to take no more care with this than you have with a hammer.

Mr. MONTGOMERY: Mr. Chairman, I would like to ask a question. Is this all that is entailed in humane slaughter? I thought a lot of the complaint was concerned with getting the animal up to the point of using this.

Mr. TAYLOR: That is true.

Mr. MONTGOMERY: And, secondly—from the point of view of sticking pigs—from there to the scalding tank?

Mr. TAYLOR: Yes.

Mr. MONTGOMERY: What is the limit there?

Mr. TAYLOR: You see, the point is that once the animal is put out, made unconscious, with this—

Mr. MONTGOMERY: Once he is stunned?

Mr. TAYLOR: Once he is stunned—

Mr. MONTGOMERY: Yes?

Mr. TAYLOR: —from a cruelty angle it does not really matter, because he is unconscious.

Mr. THOMAS: He is dead?

Mr. TAYLOR: He is not dead; he is made unconscious and then stuck.

Mr. MONTGOMERY: Then it does not know it is going to the scalding tank, for example, or the water?

Mr. TAYLOR: No. It would not matter if he did.

Mr. MACLEAN (*Winnipeg North Centre*): Using this type of pistol, even though the stunning force is so great, if the animal was not stuck, would it recover?

Mr. TAYLOR: No; he would not "come to" again.

Mr. THOMAS: Mr. Taylor, you were suggesting that it should be stuck within six seconds. That would be within the time that the stunning effect would hold the hog still?

Mr. TAYLOR: That is it.

Mr. THOMAS: After the six seconds had passed, the reflex actions would set in and the hog would begin to struggle—but it would be unconscious?

Mr. TAYLOR: It would be unconscious.

Mr. THOMAS: It would never regain consciousness?

Mr. TAYLOR: Never.

Mr. THOMAS: There would be six seconds when the body would remain absolutely still, and then it would be stuck and the reflex actions would set in?

Mr. TAYLOR: That is it.

Mr. WALKER: Mr. Taylor, would you be good enough to give the members of the committee an idea of the trap that holds the pig in place so that it is easily shot with a bolt pistol?

Mr. TAYLOR: Certainly. In this brief that I have produced—

Mr. WALKER: Is it in your brief?

Mr. TAYLOR: Yes—and there is a picture in it. It is like a trough. The animal is driven into this trough. As a matter of fact, they follow in one after the other. Hogs will follow one after the other, and the great difficulty is to prevent more than one getting in. Then they are held like this, you shoot them, you eject them from the trap and stick them on the floor.

Mr. WALKER: It is very simple, is it not?

Mr. TAYLOR: It is very simple.

Mr. WALKER: The feet drop through and the sides are held in place, and the lights turned on?

Mr. TAYLOR: No, I am not talking about cattle, with the Seitz lights. That prevents all this milling around in these knocking boxes. I am sorry.

Mr. WALKER: You do not require the lights for pigs?

Mr. TAYLOR: No. It is very easy. Are there any more questions on cattle?

Mr. THOMAS: Are we going to get a copy of this brief?

Mr. TAYLOR: Certainly, sir.

Mr. WALKER: Mr. Chairman, could I move that we all get a copy of the brief?

Mr. BEST: Mr. Chairman, I think a copy of the brief should be sent to all the members of the committee.

Mr. TAYLOR: I have brought briefs for some of the members who have recently joined this committee, and they are there on the table. This is the Remington stunner, which a lot of people rather liked for a while. You put the shell in there, you close that and then you put this up against the animal's head. It will not fire unless you release the safety catch. That is what happens.

I can tell you—I think semi-confidentially—that this is not a very satisfactory weapon. The Remington people are changing it to a penetrator, the same as this. The mushroom head has not been found too suitable. But you are given a replacement for this, and instead of the mushroom head you can put a penetrator on. As a matter of fact, they have just brought out a new apparatus which I understand is the answer to everything. Canada Packers have tried it in Saint John and in Peterboro, and I think it has been in Toronto for some time. It is a very great improvement on this thing.

Mr. WALKER: Is that Remington stunner just the same as the end of a hammer?

Mr. TAYLOR: That is it. I am afraid I have not been able to bring a CO₂ gas plant with me. Has anybody seen that work? I expect Dr. Charlton has seen the CO₂. The CO₂ is quite an expensive apparatus but well within the means of a packer with sufficient production to warrant it.

There is another method which also appears in the brief, a new electrical method. This may be the answer to the whole thing. In England they use low-voltage stunning, which I think is no good at all and I think Dr. Gwatkin's report says the same thing.

We do not think it renders half of them unconscious. It just paralyses them. But this new Englehorn apparatus was developed at Rutgers university and it is all right. It is a high voltage apparatus and it uses direct current. Anyway, apparently it has been used and has proven to be successful.

There are really three methods for all types of stock, for universal use. You could use this Cash-X; for cattle, sheep and hogs. Or alternatively you could use CO₂ for hogs. Burns and company are installing CO₂ equipment at all their plants, and so are Canada Packers.

The CHAIRMAN: Would you explain that in detail.

Mr. TAYLOR: Carbon dioxide: here again, it is in this file; we have some leaflets on it. The animal goes down an alleyway, and it does not go very far before it gets on a conveyor, and is conveyed into a gas chamber. Carbon dioxide is heavier than air. The animal goes down through the gas, and within a few seconds it is unconscious; it is gassed. Then it comes out on this conveyor and goes up to be stuck.

That is a very humane method. It is very quick. It is a mechanized process and the animals do not have to be touched by hand.

There is the oval type. You could process up to 500 an hour with it, but it only takes hogs up to 220 pounds. For hogs over that weight, you use a sow trap like an elevator. They go down in this elevator, and when the operator sees that they are under, he pulls them up.

The straightaway type is very expensive; highly expensive; however, it deals with animals of all weights.

I believe there is a great deal of interest in the new Englehorn electrical method. It is quite reasonable in price, and they have done three or four hundred an hour with it. It costs about \$5,000.

Mr. BEST: Have you developed a lower priced carbon dioxide method for hogs?

Mr. TAYLOR: Not yet, but I do not think that really matters a great deal, because the plants which warrant mechanized equipment go for the more expensive equipment. It would cost about \$20,000, which is not a great consideration.

Mr. WALKER: Do Canada Packers use it?

Mr. TAYLOR: Yes, and they ordered it for all their plants.

Mr. BEST: Leaving aside electrical stunning methods, can you tell us how these other methods have worked out in Great Britain, particularly in regard to small individual plant operators, and if they have been satisfactory.

Mr. TAYLOR: Oh yes. The Department of Justice had a copy of this small publication, and it is included in there.

Mr. WALKER: When you say "this" or "that" would you mind using the exact words, for the sake of the record.

Mr. TAYLOR: I am talking about the bolt pistol.

Mr. BEST: Has the experience in Great Britain been restricted to small operators?

Mr. TAYLOR: By no means.

Mr. HORNER (*Acadia*): I have one question. I wonder if carbon dioxide killing has any effect on the meat at all?

Mr. TAYLOR: No, it does not, because the pig is still breathing after it comes out of this thing. As the air goes into the lungs and on out through the tissues, it displaces the carbon dioxide. It is the same thing that you use in a pop bottle.

Mr. HORNER (*Acadia*): Is the pig stuck while unconscious?

Mr. TAYLOR: As the pig comes out, within a few seconds after coming out, it is stuck.

Mr. WALKER: As it comes out it is shackled and hoisted?

Mr. TAYLOR: That is right.

Mr. HORNER (*Acadia*): How long would it remain unconscious?

Mr. TAYLOR: There are two methods. First of all there is this method where they shackle them in the usual way when they go up. Then there is what is known as prone sticking. They use that in the United States, but the equipment for prone sticking is very expensive because you have to have another conveyor with hold-down rollers and everything. In this brief there are details of prone sticking and everything else.

Mr. CHARLTON: What is the maximum time from when they hit the CO₂ until they are stuck?

Mr. TAYLOR: I do not know; I could not tell you. It should be in there somewhere.

Mr. THOMAS: How long is it after the time they come out of the CO₂ until they regain consciousness?

Mr. TAYLOR: May I say, long enough.

Mr. BEST: It would depend on the method of how and where they are stuck.

Mr. TAYLOR: Four minutes, that is plenty of time.

Mr. HORNER (*Acadia*): That is the length of time they remain unconscious?

Mr. TAYLOR: Yes.

Mr. THOMAS: Can you tell us approximately the length of time under present methods that the hog hangs after it is stuck, and before it is dropped into the scalding tank?

Mr. TAYLOR: In some plants they have a bank of hogs waiting to go into the tank, in which case they hope to make sure that they are dead before they go in. In other cases they go straight in, hoping that they are unconscious.

Mr. KUCHEREPA: In anticipation of questions which may be asked, might we have a report dealing with the productivity of the various concerns and the type of equipment which they are using today?

Mr. TAYLOR: I may be able to help you there. If this Slaughter of Animals Act, which the minister was talking about, is enacted, it would include only federally inspected plants. They are responsible for 76 per cent of slaughtering in Canada. I think Dr. Charlton could check me on those figures, but it is around 76 per cent.

Mr. KUCHEREPA: You mentioned other packers; I think you mentioned Canada Packers, and you said that they were utilizing these instruments. I would like to know, without designating the names of the companies, if you could say that such and such activity was going on, and that they have found it economically feasible to use such equipment?

Mr. TAYLOR: According to this leaflet, concerning the oval apparatus, and Canada Packers here—I believe it says they have done 300 an hour or more, but I am not sure; 12,000 hogs a week have been done.

Mr. KUCHEREPA: What production level is necessary in this case to be economically sound from the standpoint of hogs, to the producers in a packing plant? People in a small packing plant, I feel, would be the problem which would be raised here.

Mr. TAYLOR: We are speaking of the small ones.

Mr. KUCHEREPA: How small a plant must you have to acquire the equipment to which you made reference?

Mr. TAYLOR: I would say that with a production rate of over 300 an hour—200 an hour perhaps—it would pay them to put in the C.O.₂ equipment.

Mr. KUCHEREPA: And as for the other equipment?

Mr. TAYLOR: As to the other equipment, you could use either this, or the pistol.

Mr. KUCHEREPA: And would that apply to any type of concern?

Mr. TAYLOR: Yes, even to the smallest.

Mr. SOUTHAM: Has there been enough experimentation done through the electrical method to satisfy the packers that there would be no adverse effect on the keeping qualities of the meat?

Mr. TAYLOR: In this answer here, reporting on the electrical stunning method for hogs, it is recorded that it is in complete accord with the United

States Department of Agriculture, and that there is no harm whatsoever done to the meat.

Mr. WALKER: Is that method in commercial use?

Mr. TAYLOR: Yes; it is used by the Englehorn packing company of New Jersey, and the Reliable Packing Company of Chicago.

Mr. WALKER: I understand that there is a process for every task; for the little man, there is the pistol; for the next grade, there are the electrical appliances; and for the highest or the largest meat packers, there is the carbon dioxide system. Does that cover every field?

Mr. TAYLOR: That is right. I would say that the smaller man could have the electrical method.

Mr. WALKER: And that would cost \$5,000.

Mr. TAYLOR: Yes.

Mr. WALKER: That is a lot of money.

Mr. TAYLOR: It all depends on his production. If it is anything over 120 an hour, it is economical.

Mr. WALKER: This proposed legislation would affect only the packing houses which are supervised by the dominion government; in other words, packing houses which do interprovincial or international trading, that is, trading with the United States. You told us that that covers 76 per cent of all the production of meat.

Mr. TAYLOR: According to my figures, yes.

Mr. WALKER: So the little fellow, the small butcher or small packer and the farmer would not be affected.

Mr. TAYLOR: They would not be affected whatsoever, unless any of the provincial governments wanted to bring in provincial legislation, using the federal wording as a model.

Mr. WALKER: A local authority or a province could set up such an act through legislation if it wished.

Mr. TAYLOR: Certainly.

Mr. HORNER (*Acadia*): Have you any figures concerning schechita or kosher killings, showing what percentage is done in international packing plants?

Mr. TAYLOR: Perhaps Dr. Charlton could say; I do not know. It is pretty big. You would be surprised at the number of "kosher steaks" that are sold in Montreal and Toronto. If you would like me to deal with the kosher situation, I shall do so.

Mr. HORNER (*Acadia*): What percentage of the kill would have been done under kosher regulations?

Mr. TAYLOR: I would not worry about it. All we want to do is to get proper humane methods of restraint.

Mr. HORNER (*Acadia*): This committee will eventually set out what it considers to be humane methods. I should think you would have to take kosher killings into consideration.

Mr. TAYLOR: No; the kosher method of slaughter is recognized as a humane method of slaughtering.

Mr. HORNER (*Acadia*): And it is recognized as such by the humane societies people?

Mr. BEST: We are going to have representatives from the meat packing industry before us later, as well as representative Department of Agriculture

officials. Possibly Mr. Taylor could return some time later when we could continue with this discussion after having heard from the Department of Agriculture about the methods and procedure used. We could question Mr. Taylor further about the methods at a later time, and not prolong this too much today.

Mr. CHARLTON: Could Mr. Taylor give us an idea of the method that is being used in electrical killing?

Mr. TAYLOR: They use needles. You stick it into the head, like that, and it just pricks the skin.

Mr. WALKER: Has Mr. Taylor anything more he wishes to tell us at this time?

Mr. TAYLOR: No. I fear I have taken up enough of your time. I could go on talking all day.

The CHAIRMAN: I suggest that we have Mr. Taylor again on Thursday at the same time that we have the departmental officials from the Department of Agriculture. Would that be satisfactory to the committee?

Agreed.

The committee adjourned.

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Humane Slaughter of Food Animals

FRIDAY, APRIL 10, 1959



WITNESSES:

Dr. K. F. Wells, Veterinary Director General; Dr. R. G. Gwatkin, Senior Research Officer of Health and Animals Division, Department of Agriculture; and Mr. E. L. Taylor, Oakville, Ont.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959

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ON
AGRICULTURE and COLONIZATION

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

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Boulanger,	Howe,	Phillips,
Broome,	Jorgenson,	Racine,
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Cadieu,	Kucherepa,	Régnier,
Casselman (Mrs.),	Lahaye,	Rompré,
Charlton,	Latour,	Rowe,
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Crestohl,	Létourneau,	Southam,
Dorion,	McBain,	Speakman,
Doucett,	McIlraith,	Stanton,
Dupuis,	McIntosh,	Thomas,
Fane,	McLean (<i>Winnipeg North</i>	Thompson,
Fleming (<i>Okanagan-</i>	<i>Centre</i>),	Tucker,
<i>Revelstoke</i>),	McMillan,	Villeneuve,
Forbes,	Michaud,	Walker.
Godin,	Montgomery,	
Gundlock,	Nasserden,	

M. Slack,
Clerk of the Committee.

ORDER OF REFERENCE

HOUSE OF COMMONS,
TUESDAY, March 24, 1959

Ordered,—That the name of Mr. Crestohl be substituted for that of Mr. Richard (*Ottawa East*) on the Standing Committee on Agriculture and Colonization.

Attest.

LÉON-J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

FRIDAY, April 10, 1959.

The Standing Committee on Agriculture and Colonization met at 9.15 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Barrington, Best, Broome, Brunsdon, Cadieu, Mrs. Casselman, Messrs. Charlton, Cooper, Crestohl, Dorion, Doucett, Fane, Fleming (*Okanagan-Revelstoke*), Gundlock, Hales, Henderson, Horner (*Acadia*), Howe, Jorgensen, Kindt, McIlraith, McIntosh, Montgomery, Nasserden, Pascoe, Peters, Rapp, Regnier, Smith (*Lincoln*), Southam, Speakman, Stanton, Thomas, Tucker, and Villeneuve. (35)

In attendance: Dr. K. F. Wells, Veterinary Director General; Dr. R. G. Gwatkin, Senior Research Officer; Dr. W. A. Moynihan, Associate Chief, all of Health of Animals Division, Department of Agriculture; and Mr. E. L. Taylor, Oakville, Ontario.

The Chairman announced that Mr. McIlraith would replace Mr. Forgie on the Sub-Committee on Agenda and Procedure and requested the Sub-Committee to meet in his office this day to formulate a schedule for Organizations wishing to present briefs.

Copies of a brief on "Humane Slaughter of Meat Animals" prepared by the Department of Agriculture were distributed to members of the Committee.

The Chairman introduced Drs. Wells, Gwatkin and Moynihan to the Committee.

The Chairman being called from the Committee, the Vice-Chairman, Mr. Jorgensen, took the Chair.

Drs. Wells and Gwatkin delivered comprehensive reviews on humane slaughter of animals, were questioned and retired.

Mr. E. L. Taylor, Oakville, Ontario, supplied answers to questions asked at a previous meeting and was further questioned.

Mr. Taylor referred to a statement on "The Use of Floodlights and the Captive Bolt Pistol in Slaughtering Beef", which was included in the Committee's record.

Agreed,—That Messrs. Wells, Gwatkin and Taylor should be in attendance for subsequent meetings of the Committee.

The Chairman announced that representatives of the Canadian Jewish Congress would be present at the next meeting of the Committee on April 14th, and also that the Steering Committee would meet later this day.

At 11.00 a.m., the Committee adjourned to meet again at 11.00 a.m. Tuesday, April 14th.

M. Slack,
Clerk of the Committee.

EVIDENCE

FRIDAY, April 10, 1959.

9 a.m.

The CHAIRMAN: Dr. Wells, will you please take your place at the head table.

Gentlemen, I think we now have a quorum. I would like at this time to state that Mr. Forgie, who was on the steering committee, unfortunately has been unable to be here on many occasions, so I shall ask Mr. McLraith to take over this duties on the steering committee. I would like the steering committee to meet in my office if possible this afternoon, let us say at three o'clock, so that we may get the agenda formulated for future meetings.

I have a list of different associations which would like to made presentations to this committee and I would like to go over that list with the steering committee.

We are fortunate this morning to have Dr. Wells and Dr. Gwatkin and Dr. Moynihan with us, also Mr. Taylor who will finish his presentation begun at a former meeting.

I shall now call on Dr. Wells.

Dr. K. F. WELLS (*Veterinary Director General, Department of Agriculture*): Mr. Chairman, and hon. gentlemen: I shall attempt to be brief in introducing the subject from the Department of Agriculture point of view.

Humane slaughter has been of interest for some considerable time to the Department of Agriculture. In fact, over the years we have maintained interest to the extent that all available literature has been checked, as well as laws and regulations throughout the various countries.

Mr. McILRAITH: I wonder, Mr. Chairman, if it would not be well to have a little more of Dr. Wells' identity and position placed on the record, so we might read it before we come to his evidence.

Dr. WELLS: Do you want me to give it?

Mr. McILRAITH: Yes, I think so. What is your professional training or position?

Dr. WELLS: I am a veterinarian. I am a graduate of the Ontario Veterinary College of the University of Toronto. I have been with the Department of Agriculture for just about 20 years, and I have worked on all phases of the health of animals division's activity. I spent a short time in general veterinary practice, and I lectured for a year at Macdonald Agricultural College of McGill University. I was appointed to my present position, that of veterinary director general, in February, 1955.

The general activities of the health of animals division are threefold, namely the administration of the Animal Contagious Diseases Act, which is designed to prevent the introduction into Canada of serious animal disease plagues, to eradicate where possible those diseases, when they gain entrance to Canada, as well as those that are in the country, and to control those diseases which are difficult to eradicate.

Secondly, the health of animals division operates or administers the Meat Inspection Act, which is designed to provide for interprovincial trade and export trade a sound and wholesome meat product which can be certified by the government of Canada for movement to any country in the world, and also

for interprovincial trade. The Meat Inspection Act requires that all meats or meat food products moving in interprovincial or export trade must be certified by veterinary inspection, postmortem as well as antemortem, under the provisions of the Canada Meat Inspection Act.

Approximately 80 per cent of meat and meat food products produced in Canada are produced under federal veterinary inspection in inspected establishments.

During 1958 there was a total of 51,773,058 animals slaughtered under the federal veterinary inspection system. Of these, there were 1,889,000 cattle; 785,000 calves; almost 6,000,000 swine; 97,000 sheep; 451,864 lambs; 24,940 horses; 42,560,000 poultry and 723 goats.

There are 191 packing plants operating under the federal meat inspection system in Canada.

Third main section of the health of animals division's activity is that of animal pathology laboratories wherein all the animal disease research is done for the federal government.

The animal pathological laboratories also provide service and diagnostic work necessary for the eradication and control of disease, and tests are carried out for disease control policies and for quarantine on importation of livestock. Of course, pathological examination is made of meat and meat food products.

The animal pathological laboratory also manufactures biologics which are necessary for federal disease control activity.

Dr. Gwatkin is sitting on my right. He is the senior research officer of the Health of Animals Division Animal Research Institute and he has spent considerable time on this particular problem of humane slaughter. He is without doubt, if not the North American authority on the subject, certainly is recognized both in Canada and in the United States as perhaps the best technical authority on the subject.

The department, as I stated originally, has been interested in the problem of humane slaughter for some time, but it has never been the specific responsibility of the Department of Agriculture and in particular the health of animals division, inasmuch as you are aware, that it was handled under the Criminal Code.

More specific interest by the department resulted from the establishment of a joint sub-committee by the Ontario society for the prevention of cruelty to animals, and the Meat Packers Council of Canada, about two and a half years ago.

The Ontario S.P.C.A. and the packers council of Canada formed a joint committee, at Toronto, to study the whole problem of humane slaughter, and it was agreed—and there were members from both sides on the committee—that the problem would be studied with respect to both sides of the picture. Dr. Gwatkin was made available to this committee as a technical adviser and research officer, and following his availability to this committee, he spent considerable time studying humane slaughtering methods, not only in Canada, but throughout the United States. Also he has travelled extensively in the last two years throughout Europe, pursuing his study of this problem of humane slaughter. On this problem of humane slaughter, and in addition to having done this study, he has carried out many studies at our animal diseases research laboratory.

This yellow booklet is a reproduction of, I think it is nine, of Dr. Gwatkin's reports, all of which are made by him and turned over to the Joint Ontario S.P.C.A. and Packers Committee. There is a lot of reading in here. I hesitate to commend it to you because of the volume, except to say that the information in here is perhaps the latest, and certainly the best collection of material. It has been used by many people throughout Canada and the United States in recent months with respect to this problem.

At the end of the book is a list of regulations, and a very brief summary of the laws with regard to humane slaughter of all of the countries in the world that have such laws, in so far as they are available to us. We have made an effort to have these brought up to date. With regard to some of them, the latest information we have would be, two and a half years, or 1956 in some cases. So there may be minor changes in some of the regulations of the various countries as shown in the last dozen pages of the book. But by and large those laws and regulations as shown in the back of the book are in fact a summary of the regulations respecting humane slaughter in fifteen countries throughout the world.

This problem of humane slaughter or general slaughter in the commercial field is divided into two main groups. There is the problem of cattle slaughter, or large animal slaughter, and the second one, of course, is the small stock, which includes sheep and swine.

The cattle problem is not as difficult as the others. Under the old system you are aware that cattle were simply knocked on the head with a knocking hammer, which rendered them unconscious. They were then hoisted and bled. It is difficult to say too much with respect to the use of the knocking hammer because, effectively used by a well-trained operator, it knocked the animal unconscious with one blow; and from a humane point of view, in so far as the animal is concerned, that was just as effective, of course, as any other method.

There is, of course, always the problem of human frailties, and one must admit that on occasions it was necessary that an animal be knocked more than once. But by and large, the knocking hammer did exactly the thing that these weapons will do.

Small stock, swine and sheep, were shackled and then bled and, of course, this represented one of the problems which must be faced, in that the animals were hung up by one leg and then bled without being put into an unconscious state prior to the actual insertion of a knife.

For some years, with respect to cattle the trend has been toward the pistol type operation for the knocking of cattle, rather than the hammer. I believe you have seen these weapons. They were here at the last meeting of the committee, were they not, and there is no advantage in my taking time to explain them now? But we can say today that with respect to cattle, all of the packing plants operating under federal veterinary inspection use one of these humane guns for the knocking of cattle prior to their slaughter. This has been a gradual stage, however, on the part of the packing industry; but in so far as our inspected establishments are concerned today, all of them are equipped with these instruments and use them to the utmost. On occasions it may be necessary for them to knock an individual animal with a knocking hammer if it is considered that the skull is too thick; but by and large, in so far as cattle are concerned in inspected establishments—which represents 80 per cent of the slaughter—these particular weapons here are used for that purpose.

The whole purpose, of course, of using a weapon or the whole purpose of humane slaughter, is simply to anaesthetize the animal in some manner so it is knocked unconscious. That is putting it in its simple form—to anaesthetize the animal prior to either hanging it by one foot or by bleeding. With respect to the actual humaneness, there is perhaps as much inhumaneness in hanging an animal prior to its being unconscious as there is in sticking it when it is in a conscious state. So when one speaks of humane slaughter, one must speak of more than just actually making the animal unconscious, because it is the handling of the animal prior to that unconsciousness that is also concerned. However, this is a technical aspect of the matter that Dr. Gwatkin will be prepared to discuss with you, and answer your questions.

Kosher killing by ritual slaughter enters into this part of it that I have just mentioned, where the humane treatment, or the humane slaughter, is not so much a matter of the actual method of bleeding the animal, but the handling of the animal prior to the bleeding of it with the kosher cut. Dr. Dukes, an eminent physiologist at Cornell University, has shown that with a proper kosher cut the blood pressure will be reduced to less than one third of the normal blood pressure in 28 seconds.

Now, once the kosher cut takes place, there is an immediate drop in the blood pressure, the effect of which is such that within two seconds after the cut, the animal is in a state of unconsciousness. In other words, it has fainted because the blood has been drained immediately from the vertebral artery, and within two seconds the animal is totally unconscious.

The humane part of the kosher cut is, I think, fairly well established, but Dr. Gwatkin can discuss the real problem with you, which is the handling of the animal prior to the kosher cut.

Small animals represent a problem. When we first started on this work two years ago the problem was one of finding a suitable weapon which could be used adequately to render swine unconscious at the speed which is essential in the modern day economy of the packing industry.

While one could say that it was possible to do it, it would not be practical.

Serious study has been going on over the past two years with respect to finding more suitable weapons for the slaughter of animals. I believe some of these methods were discussed with you at a previous meeting. Therefore there is no object in my taking up your time to go over them again.

With respect to small animals, the gas type unit of immobilizing has come to the fore, and a number of Canadian plants have these on order. One of them has been installed and is working.

The electrical stunning of swine has been a problem over the years. There have been machines available for electrical stunning, but there are problems involved with respect to the splashing of blood in electrical stunning. However, these have been overcome. Dr. Gwatkin is working with many people on that subject, and recently there has been a machine developed in the United States which he can describe, and which tends to overcome many of these problems.

Then there is the mechanical stunning of swine, which again is possible, but it has complexities.

I do not know what else, Mr. Chairman, you want me to say. This is a summary of it in so far as we are concerned. But I am prepared to answer questions on any aspect of it. With respect to possible legislation, however, I think that is something which it would be better if the committee were to ask questions, because that is the thing which you people, I understand, are here to decide.

The VICE-CHAIRMAN (*Mr. Jorgenson*): Thank you, Dr. Wells. I think before we proceed to have questions we should hear from Dr. Gwatkin and then you might ask your questions of either of these gentlemen.

Dr. Gwatkin will address the meeting now. I do not have too much information about him. But according to my notes he is senior research officer with the Department of Agriculture. Perhaps he might introduce himself a little more fully.

Dr. R. GWATKIN (*Senior Research Officer, Health of Animals Division Laboratory, Department of Agriculture*): Mr. Chairman and hon. members: with your permission I shall move from my position at this end of the table to the more grisly relics, the skulls, at the other end of the table, because I shall be referring to them.

First I must identify myself. I am a veterinarian. I graduated from the Ontario Veterinary College in 1919 with the diploma of the college and D.V.M.

from U. of T. I later received my D.V.Sc. degree for research work. I started my veterinary work on meat inspection, and it was at that time I had an opportunity to see slaughtering under all its varying conditions. This has been continued right through these 40 years. I have been in fairly constant touch with the different plants in my capacity as pathologist. Therefore I have had a good deal of opportunity to follow that subject:

In 1957 I was given this position of advising and trying to help the joint committee to arrive at satisfactory methods of slaughter. I had an opportunity of seeing conditions in the Scandinavian countries, the Netherlands and in England. I also looked at conditions in the various plants in Canada. I had occasion to see the eastern plants myself; and my friend Dr. A. C. Tanner, who was with us for a while, conducted a survey which took him into the western plants. I think that is all I need say.

As Dr. Wells has said, the division has done a good deal of work in connection with humane slaughter. We fully realize that there are many difficulties to be overcome with respect to humane slaughter, but I am certain that none of them is insuperable. There is one method or another which may be used for all food animals to attain the desired result and to render them immediately unconscious before they are hoisted and stuck. That is obviously something which must be attained in a country such as ours.

I would like, if I may, first of all to comment very briefly on what we call pre-slaughter conditions. I myself believe that there is much misery and suffering, for instance when the animal sets forth from the farm, when he has to be trucked in, or when he comes in by train to get to these places, and in some cases they do not arrive very happily. And then when they get there, if it is a poor plant with very steep steps or ramps which they have to go up, which may be slippery, and which are exposed perhaps to the weather, where they get wet from rain and snow, you might see these animals slipping, falling, and hurting themselves, losing money to the slaughterers by getting bruised, and so on.

We have those conditions even on the floors of the stunning boxes, which become slippery. It is difficult to handle the animals, and they fall down. In the metal types they may have trouble because the floors become smooth. They were rough to begin with, but they become smooth. It can easily be remedied, but they slip around on these things and they are very much frightened. Animals are illogical creatures. They do not reason the same as we do, and they become panicky. Another factor which comes into it is the rapid handling of crippled animals which have been injured or which, for some reason or another, are down and unable to get up.

If they cannot be removed to the killing floor without suffering, they should be handled right there, and bled out under the supervision of the inspector, so that they do not have to go on suffering. The method of driving animals is something which requires consideration.

Personally I do not think these electric prods are any less humane than wooden slappers they make which cause a lot of noise, and cause quite a panic. Personally I would prefer to use an electric prod with enough voltage to move the animal, but with no amperage, so that it is given no injury. It makes it jump ahead quickly. I am satisfied they are all right.

I firmly believe that much of the misery in connection with the slaughter of animals may arise during this stage of getting the animals up to receive the final stroke which renders them unconscious. I do not want to be long-winded, but I would like very briefly to mention the available methods.

In the case of cattle, the thing is settled, as Dr. Wells has said. I think in all the plants under inspection—there were 57 at the time we made our survey—the slaughtering of cattle was done by means of a pistol or a gun of this type. The general principle is the same, like this Temple-Cox. They do not penetrate. But there is also a penetrating type. However, I am more familiar

with this one here, the Cash X, which has a penetrating bolt, and a large pistol with this bolt; you can see that the hollow front comes out for three and one half inches, and in the smaller sizes it comes out for two and one half inches. It penetrates the skull and knocks the animal unconscious immediately. They are practical and reasonably safe for the people who use them, as compared to hammer stunning, where the stunner is more likely to miss. They do extremely well. One could not help but admire them. It was really a heavy job in which they did not make many misses. However, the number of misses is considerably reduced by using either the penetrating or the non-penetrating type.

I do not think there is any great difference. Some people swear by one type and some swear by another, but as long as it is doing the work, that is all we need.

Bullets are used in some places to shoot cattle. I believe there is a plant in the west where they shoot them with a .22 calibre rifle, with an ordinary sized cartridge. When a bull comes along, the fellow has a service rifle, and he blows a whistle to warn people to take cover when he shoots it. I do not think that is to be encouraged. It is quite humane for the animal, but there is a risk that it is not so humane for the people who are working there.

Cattle may be slaughtered by electrical shock, but I do not think there is the slightest need to introduce it in this country. I cannot see where there would be any objection to making it a legal method however, provided the proper voltage and amperage were used. They were used in Rotterdam where they were stunning cattle and using 360 volts with two and one half amps, for one second. Electrodes like a telephone set were put on the animals head; then they would press a button and the job was done.

The only objection to that is that the throat has to be cut right across instead of sticking, so that all structures are cut through; and if the blood is required for any purpose it is contaminated, and cannot be used. That is the objection to it.

I do not think we have any need to consider it in this country. We already have methods which are admirable for cattle.

Heavy calves should be treated in the same way as cattle, and should be shot with one of these pistols or guns. Baby calves, which would be under 100 pounds may readily be stunned with a blow from a suitable mallet, which is perfectly humane. Personally I cannot see any objection to using that method. It is done all through Europe. I am sure we all realize that with a blow suitably placed, they do not know anything. These stunners do not kill, but they merely stun, and they should be bled as soon thereafter as possible. Most calves are now being shot with a pistol.

Dr. WELLS: Or they are stunned with a mallet.

Dr. GWATKIN: The small ones are being stunned in that way.

I now come to a rather difficult subject. There is no reason why it should be, but it is a touchy problem, and that is ritual slaughter. Here we are concerned, I think, only with, or mostly with, the Jewish method of slaughter. I want to make two points immediately clear: one is that the Schechita cut is absolutely humane. The animal becomes unconscious. It goes into a faint within a couple of seconds; it certainly is completely unconscious in three seconds because the blood rushes out very quickly so that there is anemia of the brain which renders it unconscious. You do not have to take away very much blood from the brain in order to produce a faint, and within a very short period they are unconscious.

Then a knife is used with a long stroke. That knife is as sharp as a razor. It is made as sharp as it can be honed. And if you watch these cattle—as I have watched thousands of them—you will see that they do not flinch at the cut.

You know that if you cut yourself severely with a sharp knife, such as the one used by a meat inspector, you realize you almost have to look to see

if you have cut yourself. If you have the opportunity of watching this procedure, you will see that the animal does not flinch. Therefore on the basis of that observation, there is not the slightest doubt but that the Schechita cut, the ritual cut which is made by the Shochet, the man who does this slaughtering and who is trained for it especially, is just as humane as any other method that is used.

On the other hand, the method of restraint as used in Canada is not humane. They may take a cattle beast and hang it up by one leg on a rail. They are terror-stricken, and as a rule they suffer a good deal. When the time comes to put the shackles on them, and I can speak only about those I have seen they come inside a shackling box. The front of it is raised, and in order to get a chain placed around one leg, a heavy rope may be put around the neck at the throat. The man at the front is hanging on to the rope. He raises the front of the box, and it slithers out on to the floor. The rope is taken off and it goes up on to the rail and is pushed to where the Shochet is waiting. He makes the cut.

You can see a lot of misery and suffering in that process of getting on the shackles. You can see them as they go down stumbling to their knees with the rope still around their heads.

You have to differentiate between these two things: the cut, the actual slaughter cut which is humane, and the other thing, the methods of restraint. I can stand by that. That is something which has to be remedied. There is no objection to the slaughter, but there is objection to the method of restraint.

In Europe it has been overcome by using a casting pen such as the Dyne type. In principle it is a heavy metal box with a little runway up into it, and a back door to it. There is a little door at the front for the head of the animal to go through. After the animals are led into this casting pen by the back door. Somebody will pull a lever and the sides and top close in to hold the animal in position. Then the box is turned over and the animal lies on his back. Then you take the head over to one side and make the cut. That is all right. There has been no excitement caused. I was rather amazed when I saw it; I thought there would be a fearful amount of struggling when it was turned over but, as I say, the animal seemed to be surprised, with its legs waving gently in the air.

This can be overcome. Canadian cattle are a bit rougher and tougher than the ones I saw being handled over there. It might be necessary to have a runway of some sort by which the animals could go into the stunning box. That is only a matter of set-up. I do not know, but it might be necessary to build a stronger structure to contain them. But I think that is the obvious solution.

I have previously suggested that, on account of this problem of having special equipment, it might be possible to centralize Jewish slaughter or to make it more centralized at least, so there would not be so many places killing by that method. There were 22 of them in 1957. I mean there were 22 plants under federal inspection and which are doing kosher slaughter. And by the way, I must apologise for having kosher spelled wrongly.

Swine cause a good deal of worry and trouble. We can use carbon dioxide anesthesia, the captive bolt pistol and electric stunning. The pistols work very well on pigs, but there is quite a kicking process which follows within a few seconds—within five or six seconds after you shoot the pig, no matter where you shoot it. It goes into convulsion and it is difficult to hang up and stick; it is completely unconscious. It is perfectly humane, but it is difficult to handle. However, that can be overcome by using a pig trap. In other words, the pig comes along, walks on to this sloping little place, automatically drops to the bottom, and into a wedge where he is held quite comfortably and firmly. They shoot him and pull a lever when he is dumped on to the floor; and they can

stick him on the floor before he shows any movement. That I think is the solution with pigs where numbers are not too large.

We tried a lot of experiments to see if we could remove the kicking by any means. We tried blowing in air. I used carbon dioxide as a matter of fact, by blowing it in, to bring about extra tension. But the result in most cases was to bloat up the pig like a balloon, and it was not very helpful. It did not stop the kicking.

We actually guillotined one, but the kicking occurred just the same. So we are up against a central nervous system reaction. It is a spinal cord reaction, and they are going to kick. So the only way, if they insist on their being shot, is that we have to meet the pigs. They are not going to accommodate us.

When we stick a pig it may remain perfectly quiet for a varying length of time, be it five, ten, or sometimes more, seconds, and there is time to stick it, to get the shackles on it, and for it to be hoisted.

Carbon dioxide is a beautiful method,—if one may refer to slaughter as being beautiful. It is really a pleasant thing to watch. As you know, one large plant in Toronto has installed carbon dioxide for pigs, and it has already tried it, I think, for sheep. They are going to put them in all their larger plants, although in two of them they are using pistols.

With carbon dioxide, what happens is this: first of all, it is humane. People have been exposed to it, in one case intentionally, and in two or three cases—probably more—accidentally. There was no suffering and there was no distress. If you get too low a concentration of carbon dioxide there is a smarting of the nose, a choking and a strangling sensation.

Mr. CRESTOHL: Will you please speak louder.

Dr. GWATKIN: Yes, I shall try. With too weak a dilution of carbon dioxide, it may be distressing. But with the strength used, which runs from 60 to 65 per cent, it has an anesthetic effect very definitely. There are different makes—there is one in Toronto, and there is a Danish structure which I saw used in Denmark and also in Toronto.

The pig comes in along a runway; they just come along there and they pretty much push each other along. Then the animals move on to a moving belt and they go down through a front door into a concentration of gas. They come out at the other end at the level of the man who is working there. He just puts the shackles on them, and they then go up to the rail and around the corner to the sticker.

Unconsciousness will last from one to three, perhaps more, minutes, but it varies with the animal. However when the proper concentration of gas is being used, there is no danger of killing a pig. There is very little or no chance of its being conscious, and we can stick them when they come up, because they are completely "out"—just as you would be, under the influence of ether or chloroform; and it is certainly more pleasant than if they were given ether. I do not think I need say anymore about that, except to say that of course the thing is that it is expensive to install. I do not think running it costs much more than buying cartridges.

I forgot to mention in connection with the pistol that there is also compressed air. We have not got one here. I do not think it makes any difference, as long as the thing does the trick. I hold no brief for any particular type.

We are still on swine. We have seen that we have carbon dioxide, and we have the captive bolt pistol. Then we come to electric stunning. In Europe this is very widely practised. In one large slaughterhouse in Holland, everything is stunned by electricity. Pigs, sheep, cattle, cows—they are all electrocuted because, for one thing, it is a very cheap method and each shock costs only a very small fraction of what the cartridge would cost.

The method practised over there for pigs is so-called "electroplexy" or electric anaesthesia. It unquestionably renders the pigs unconscious; but how soon that happens, and how much pain they feel beforehand, I do not know. You cannot test for pain; you cannot test for anything while there is a heavy current running through the pig. That is one of the problems. But this we do know, that if you put the tongs on the pig, he immediately stiffens up; the front legs stiffen, the hind legs stiffen and you think that is that. But he does not drop; he does not go down immediately. He stands there, and then he sinks over in five, ten seconds, or 15 seconds, perhaps. For big ones, it may take 20 seconds. They go over slowly, down to the ground, and then they keep the tongs on as long as they can. Then they take them off and the pig will lie quietly for a few seconds, and then go into the second stage or clonic convulsion.

The first seizure is a so-called tonic convulsion, a complete stiffening, and the second stage is a clonic. If you get that, it is evidence that you have had a true electroplectic fit and that you have had true unconsciousness. The only thing that worries me a bit is what happens in between. Is pain felt? I have investigated that with psychiatrists, neuro-physiologists, neuro-anatomists in the human field, and I do know that people who get electric shock therapy do not feel anything, provided they get a sufficient dose. If, unfortunately, they get under-doses, that, I believe, can be very unpleasant. But the point is, these pigs, I am sure, are not immediately unconscious.

If you take a stronger line current, 110 volts, and put it on the tongs and to a pig, he stiffens up; but if your tongs slip off within two or three seconds, shall I say, that pig bounces up and he yells and rushes off for cover. That pig has been hurt.

Therefore, one wonders just what the pig has felt. I have put my hand into these tongs just to see what it felt like. I had a suspicion of what it would feel like, and it certainly reached up across my pectoral muscle. But if the unhappy pig feels that for two or three seconds, it is something that one does not consider as being too happy a thing.

In New Jersey, United States, and I daresay elsewhere, they have developed a method which I think is instantaneous. They use considerably higher voltage and amperage, about 750 volts and 600 or 900 milliamperes. That is quite a jolt, and it appears to produce immediate unconsciousness. These are the Engelhorn Packers who have developed this, at considerable cost; but now they are getting it down and it is a very nice thing to see. The pig comes into this runway and passes over a treadle (treads on the thing) which releases compressed air, and the pig is held. Then they put on the electric stunner—which is a thing something like this. They put that against the head, press a button, and two points come out carrying the current.

Will you choke me off if I am going on too long, sir.

The CHAIRMAN: That is quite all right.

Dr. GWATKIN: With sheep and lambs there is the possibility of using the captive bolt pistol, or electric shock, as practised in some places in Europe.

I think carbon dioxide can be adapted. Certainly they have been slaughtered under carbon dioxide. Then there is the New Zealand method, and I might say it is the only legal method in New Zealand for slaughtering sheep and lambs. The head is pulled around a peg, or over a peg, according to the set-up of the machine, and the throat is cut at the same time as the neck is broken.

One imagines it is rather agonizing for a very short period; but that is the only legal method permitted in New Zealand. You will see a picture of one of the set-ups, where the head is drawn around the peg at the bottom. I think it is about picture No. 5. You will excuse my diverging, but I forget whether Dr. Wells made it clear. This is not a brief; it is simply a collection of notes, and therefore there would be some repetition.

Finally, I should like to say that absolutely no method is 100 per cent. There can be slip-ups with everything, and one has to expect that. But they will be reduced to a minimum by this. I would like to show you one thing. You may be using the short pistol which has a two-inch extension. You shoot the pig about there, we will say, and that would go right through into the brain cavity without trouble. Supposing you run into this type of bone structure? You see the immense thickness of bone that you have there. Here is his eye, and you shoot about there. I would normally shoot about that position. You see where that takes us when we turn around; it takes us through quite a thickness of bone. If you happen to be using a smaller pistol which has a two-inch projection, you would not, perhaps, get a very good stunning, because it would not get well back into his brain. This just shows another thickness of bone. I do not think there would be any trouble with this one; it is reasonably thin. But this really is a thick bone structure.

Therefore, due to things such as that, where you have anomalies in the animal, and the human element—the fact that you cannot always hold the animal completely still; there is always a certain amount of movement—you cannot prevent everything. We must not be unreasonable.

These methods that we have give us a very reasonable approach that could be put into regulations without, I think, causing any too great hardship to anybody. You say, "What are we to do on the farm?" Well, they can shoot them, the same as they are doing now. A great many people shoot their pigs with a .22, because it is easier to shoot the pig and stick it than it is to handle it when it is conscious. I am not suggesting it is not done for humane reasons, but it has its other side. There is the possibility of failure with any method, even carbon dioxide. You may get an animal who is more resistant, and you may get some slight change in the concentration of gas. There is always likely to be something. But the number who suffer would be very few if these methods were adopted.

The methods are available, and I am quite sure they can be put into effect. Some of you will have read the Senate reports of the United States, those voluminous reports—it is a wonder how they ever get anything through. It is interesting to note, however, that very recently they have accepted certain measures as being humane.

The VICE CHAIRMAN (*Mr. Jorgenson*): Thank you, Dr. Gwatkin. The committee will now have the opportunity of asking questions of either of the witnesses, and I would ask you to speak up so the Reporters can get your remarks on the record.

Mr. BEST: Mr. Chairman, I am sure we have all appreciated this testimony of Dr. Wells and Dr. Gwatkin this morning, and it has helped us a great deal. Dr. Gwatkin's comments and this series of reports that we have been looking over have been of great assistance, I am sure.

I would like to ask Dr. Wells this question. Am I correct, sir, in saying that 57 plants are inspected by your federal officials in Canada?

Dr. WELLS: Those 57 plants that Dr. Gwatkin referred to are for slaughtering cattle. There are a total of 188 plants under inspection; but all of those do not slaughter cattle. There are 57 of them that are actually engaged in the slaughter of cattle; the others are engaged in the slaughter of swine only, or poultry. Some of them are not slaughtering anything; some are merely processors.

Mr. BEST: That 188 is the total number across Canada?

Dr. WELLS: Yes, across the whole of Canada, that are operating under the Meat Inspection Act.

Mr. BEST: And federal inspectors visit each of those regularly.

Dr. WELLS: Yes, we have permanent resident inspectors in each of those 188 plants.

Mr. BEST: Perhaps I may ask a somewhat hypothetical question. If we enacted legislation under this method that would be effected by our federal inspectors, what difficulties, or what enlargements of that inspection service might be envisaged? Would that present an administrative problem to you, or would it present no problem at all?

Dr. WELLS: I presume I may speak freely. If the legislation covered the field of federal trade responsibility, interprovincial and export, then it would apply to all of the inspected establishments; it would apply to any establishment wishing to move meat products interprovincially. Administratively, this would not represent any serious problem to us, because we already have a resident staff in all of the inspected establishments. So that the entire operation of slaughtering and processing is now under inspection. In a very few of the larger plants it would put a very small extra load on the staff and might require one man extra—but that is extremely doubtful. Really, if regulations were drawn up which were sound and yet reasonable, it would not add any administrative problem to us as a meat inspection operation.

Mr. MONTGOMERY: All you would really need would be the authority under legislation?

Dr. WELLS: That is correct, sir, yes.

Mr. MONTGOMERY: I would like to ask a question, Mr. Chairman, of either one of the doctors. Is there any effect on the meat if the animal is slaughtered while in an excited or panicked condition?

Dr. GWATKIN: Yes, there is. The keeping quality is reduced regarding animals that have been pushed, over heated, or frightened before they are slaughtered.

Mr. CRESTOHL: Would you speak a little more loudly, please, if you do not mind.

Dr. GWATKIN: I am sorry. There is a deleterious effect on the meat if cattle are pushed around, excited or terrified, as you say, just before slaughtering. The keeping quality appears to be reduced.

Mr. CRESTOHL: Is there any effect on the flesh of the cattle if it is treated with carbon dioxide, or subjected to electrocution?

Dr. GWATKIN: Yes. I do not think the differences are great; but it has been shown quite definitely that the CO₂ gives it better keeping quality and that with electric stunning there is a tendency for the meat to deteriorate more quickly than in the case of a non-electrically stunned animal. But, mind you, this meat has been kept under conditions where it has a chance to deteriorate but has been very carefully measured scientifically.

I have not had anything to do with this, but it is reported, and it is beyond question, that carbon dioxide has a good effect, and there may be a slightly harmful effect from electric stunning. There is a difference in the p.h., the acidity of the meat, by the different methods.

Mr. MONTGOMERY: I have another question, Mr. Chairman. I rather gather that we should pay more attention in our legislation to the handling of the animals before the actual killing. That is where the inhumane part of it has raised all the hue and cry, shall we say. That is the part that we need to look into most. Am I right in that?

Dr. GWATKIN: Yes. I am very glad to hear you say that, because now you can see for yourself. I hate to say this, because somebody will jump on me and say I have said ritual slaughter is inhumane. The actual slaughter is not; that is a perfectly humane method.

Mr. MONTGOMERY: It is a matter of getting the animals to—I do not know the expression, but would it be, the sticking box, or the stunning box?

Dr. GWATKIN: Yes.

Mr. MONTGOMERY: How far back in the factory, the yard—

Dr. GWATKIN: Right from the moment it arrives.

Mr. MONTGOMERY: Have you any suggestions, then as to that?

Dr. GWATKIN: Oh yes. I think there would be things that could be put into regulations that would make sure that ramps for example were not beyond a certain steepness. That has been studied. I do not want to give a figure, because I cannot remember offhand, and I have not got it here, but all those things can be greatly improved. Where you have smooth cement, it could be roughened, or rubber stuff put down; and those things are being done in many plants.

I do not want to leave any suggestion here that plants are being backward in doing these things. Here you have under inspection those who are stunning their animals, before there is any legal need to do so. The same thing applies to the various methods of handling. I would be very sorry to leave the impression that most of the packers are not doing their best all the time to make things more humane—for obvious reasons, I think. But I am very glad to see you take that attitude, because I think that is a very important angle and it should be properly considered.

Mr. CRESTOHL: Dr. Gwatkin, I read carefully the report that you prepared following your trip to Europe in 1957 and I studied it rather minutely. Can we draw from your evidence and from your report the conclusion that you have drawn, that the actual cut for kosher meat cattle is absolutely humane?

Dr. GWATKIN: Yes.

Mr. CRESTOHL: I see too that you have quoted some very eminent authorities to support your viewpoint. You have quoted such eminent men as Sir Leonard Hill, Sir Charles Evans, and I see in another place there is reference to Lord Horder, and you worked from their findings in examining the humaneness of the ritual slaughter of animals for Jewish consumption. The only objection that you have is the preparation of the cattle before it is brought to the point of slaughter?

Dr. GWATKIN: That is true, sir.

Mr. CRESTOHL: And I quite agree with you. If, however, the handling of the cattle before slaughter were satisfactory to you, there would be absolutely no objection to this method of slaughtering cattle, would there?

Dr. GWATKIN: Absolutely none.

Mr. CRESTOHL: In England I understand you saw what they call the Weinberg pen and the Dyne pen?

Dr. GWATKIN: Yes.

Mr. CRESTOHL: That is a sort of pen that you described here before. Would the use of a pen of that kind, or similar to it, be acceptable to your department as being a humane way of handling the cattle before slaughter?

Dr. GWATKIN: Yes, I would be in favour of it. I have pointed out, however, that there is just a little shade of doubt in my mind as to whether some good, healthy western animal might not smash right through this drum. It is steel. But it is only a matter of constructing something—perhaps strengthening the front—and it is only a technical detail. I have not seen it used on semi-wild cattle.

Mr. CRESTOHL: But that would not really be an objection?

Dr. GWATKIN: No.

Mr. CRESTOHL: If a strong enough drum were designed?

Dr. GWATKIN: No, there is no objection whatever. My objection—and I am sure it is that of everyone who has seen the thing—is to the hanging up by one leg, because, with the best of intentions, the shohet must not make the sacrificial cut with a knife which has a nick in it. The whole thing is, the knife must be flawless. I believe it is drawn on that side, on the front, to test that. That is why you can make a cut like that without causing suffering.

I have seen thousands of them, and the animals do not flinch. It is an astonishing thing. They have been fighting and raising the dickens, and they do not flinch when that cut is made. There is not a movement in most of the cases. It is rather astonishing that the cut goes right through everything.

So that all the evidence we have, the scientific evidence, the evidence of the eye, leads me to say I have no objection, not the slightest, provided there is some means of handling the animal in a kinder way, because if the knife has a nick in it, the shohet will not make the cut. He will get the knife honed down again, while the unhappy animal is hanging on the rail. It might be better to leave that out—I do not know. I do not want to upset anybody's feelings on this, but I have seen five animals on a line because the knife had a nick. They are hanging up there, and their eyes are bulging out, the saliva is running out of their mouths, and they are very unhappy animals—there is no question about that. As a matter of fact, a friend of mine said, "Ron, do you not think you are overdoing this stuff of shackling pigs?" We have a chain hanging outside the lab under a tree, and I said, "Hold out your wrist." He said, "Oh, no". I said, "Go on. Take it slowly". So he put his wrist in; I held the chain 'round there, and he lowered himself down. He said, "Oh, heck; that hurts", and he was only being lowered down gently. I know it is painful. I have not tried it with my ankle, but I know that if you take your weight there, it is very painful—and these pigs are bouncing around there. That is something that obviously you would have to do, and it is only a matter of making suitable arrangements.

I believe there are—I am not going to quote anything—such machines already in Toronto, but I do not think they have been used. But if it is necessary to construct a stronger type of thing, it would only be a matter of building a Canadian drum.

It might be better if his work were more centralized, and then it would not be costing the plants a lot of money to do this. As far as the cut goes, if there are proper methods of restraint, I am absolutely satisfied about it, and I am quite sure the department would have no objection to the method at all.

Mr. CRESTOHL: The committee, and I imagine you also, is seeking means for restraining animals before they are slaughtered, to prevent their being handled in a way which is considered inhumane. I am referring to other cattle, steers, pigs. You have recommended some improvements on that, have you not?

Dr. GWATKIN: Yes.

Mr. CRESTOHL: So that if an improvement was also made in respect to kosher cattle, it would be perfectly acceptable to everybody.

Dr. GWATKIN: Perfectly.

Dr. WELLS: I would like to say, gentlemen, that there is a Weinberg pen in Toronto which was purchased and imported for one of the larger Canadian packing establishments, but it has not been found of sufficient strength to withstand the roughness of North American or Canadian cattle from the west. Some packing plants are now developing an apparatus and attempting to build one which will handle North American or Canadian cattle, so that they will overcome the possibility of the machine being knocked apart every time they get a big, rugged, white-faced steer in it.

Mr. CRESTOHL: Was this pen you speak about imported from England?

Dr. WELLS: Yes.

Mr. CRESTOHL: It was not one built out of good, sturdy Canadian steel, was it?

Dr. WELLS: No; it was one based on the European pen; but in Europe, as Dr. Gwatkin said, they simply take the animal and lead it into the pen, and the animal walks right in. The animal is used to being led everywhere. But in this country a big, white-faced steer is not going to be led anywhere; certainly not into a machine. Therefore, they are attempting to develop a machine that will take this kind of animal.

Mr. CRESTOHL: Mr. Chairman, may I ask Dr. Gwatkin one or two more questions? I was impressed with the accuracy with which you stated that this cut—and you emphasized it—for kosher slaughtering is quite painless and creates almost immediate unconsciousness. That is what you said, is it not?

Dr. GWATKIN: Yes.

Mr. CRESTOHL: And you said, in connection with cattle killing generally, that no method is 100 per cent. No method is 100 per cent in what respect?

Dr. GWATKIN: In producing the desired immediate unconsciousness Very often—I do not think it is worth paying too much attention to—there is a question that in the case of the kosher cut, when certain people have said that owing to constrictions, there is a tendency for the vessels to close at the end, and that the bleeding is not as quick and as forcible as it should be. I cannot say that I have ever seen that happen, but that is what I mean. There is nothing 100 per cent in biological cases. You think you have got it until you get an exception. But that is not a thing which needs to be considered. That animal would be unconscious quite as quickly as would another.

Mr. BEST: Might it be, as Dr. Gwatkin has said about the methods of shackling and hoisting—that if there was no hoisting, there might possibly be more relaxation and a somewhat more rapid draining of blood in relation to ritual killing?

Dr. GWATKIN: I can only say that I think it would be about the same.

Mr. BEST: If the animal was not hoisted, possibly there would be less tension.

Dr. GWATKIN: I think it is about the same. One method is to cast the animal by four rings one around each fetlock. The rope goes through them and you pull the rope and it bogs down. They even use mattresses on which they fall, and they cut their throats there.

But in the case of cattle, somebody might get his head kicked off in getting four rings on a nervous animal. Over there they are more used to handling, as you know. Most of them will walk into this. I would not say it was a problem of indifference, but any regulations under the legislation should be aimed at an animal being rendered unconscious before being hoisted and cut. Therefore you have to change this shackling and hanging business, which unfortunately at the present time is one of the worst problems you have. Pigs may have to go up two or three flights to go along to the sticking place. I am speaking of instances where no anesthesia has been applied, and no stunning.

Mr. BEST: With respect to the legislative part, which we face, would you say in a general sense that prior to the killing of the animal we are involved in driving, shackling and hoisting, and would that cover the field? Or how would you subdivide it when we come to look at it from a legislative point of view.

Dr. GWATKIN: I do not think it needs to be lengthy except that it be covered by general language so that whoever is enforcing the regulations can

say as a matter of fact that this is not humane. I suppose it is usually left to the discretion of the minister and that leaves the power to someone else to say.

Mr. BEST: This would probably have to start after the animal had arrived at the plant.

Dr. GWATKIN: Yes.

Mr. BEST: And this is a problem to deal with.

Dr. GWATKIN: Yes, that would be my feeling.

Mr. CHARLTON: Can we not assume from what Dr. Gwatkin has said regarding tension, that tension in an animal previous to slaughter will affect the meat, and that it would be to the economic advantage of the packers to strive to see that slaughtering was done in as quiet a way as possible? Would it not be to the economic advantage of the abattoir or to the meat packing plants to try to reduce this nervous tension themselves before the slaughter?

Dr. GWATKIN: Yes, I would certainly think so, Dr. Charlton. The larger packers realize that this is the case, and they are trying to do it. But in their economy you get into some trouble for example when a pig comes doubling back and their man slaps at it or at cattle, because they can be very stubborn. But you are quite right. I am sure that it is very strongly realized by the people who are producing meat, because they do not want meat which does not keep or look well. Therefore it is very much to their interest and they know about it, and they are trying to do it. I hold no brief for the packers, and it is just a matter of observation with me.

Mr. FLEMING (*Okanagan-Revelstoke*): If regulations were introduced which would come under the jurisdiction of the meat inspection branch for enforcement, how much slaughter would still take place in the country which is not within the jurisdiction of the branch and over which the regulations will not in fact apply?

Dr. WELLS: Approximately 20 per cent. This 20 per cent is divided between home slaughter by a farmer, and smaller packing establishments that do not come under inspection.

Mr. FLEMING (*Okanagan-Revelstoke*): That means that if we were to proceed only on the basis of the meat inspection branch jurisdiction, we would still leave 20 per cent of slaughter in the country not controlled.

Dr. WELLS: Approximately that, perhaps a little less. It would vary with respect to the different classes. There would be less than 20 per cent in the cattle field, but roughly 20 per cent in swine, and it would be less than that in the sheep field, depending on the variation in slaughtering that takes place outside inspection.

Mr. BEST: It would seem to me that we have another field which we could not get into, that is, slaughter on farms. And we have other responsibilities. It is probably a provincial responsibility to provide the means to be used in each one of the provinces. We could not hope to cover all these things.

Dr. WELLS: I believe that is right. It would be a total impossibility to supervise this right down to the last animal. It would take the entire staff that we have in our entire organization to do it. There are not sufficient veterinarians in the country available to supervise it down to that level.

Mr. BEST: I am glad you brought out that fact.

Dr. WELLS: That would certainly be our point of view. With our present staff or our foreseeable staff, it would be a total impossibility, sir.

Dr. Gwatkin made use of the blue sheet containing the United States regulations which have recently been put into effect. I shall quote from them as follows:

The United States humane slaughter law, August, 1958, declares that it is the policy of the United States that the slaughtering of livestock and the handling of livestock in connection with slaughter shall be carried out only by humane methods.

Either of the two following methods of slaughtering are considered to be humane:

1. All livestock to be rendered insensible to pain by a single blow or gunshot, or an electrical, chemical or other means that is rapid and effective before being shackled, hoisted, thrown, cast or cut.
2. Slaughtering in accordance with ritual requirements that prescribes a method of slaughter whereby the animal suffers loss of consciousness by anemia of the brain.

The law requires that after June 30, 1960, no agency of the United States government shall contract for or procure any livestock products produced or processed by a slaughterer or processor which in any of its plants slaughters or handles animals other than in a humane manner. It is provided that during any national emergency declared by the President or the congress, the limitations on procurement may be modified to meet such emergencies.

They have recognized this matter in providing that when a United States agency buys meat or meat products today, be it for the school lunch program or for the price stabilization of the United States government, they have to be produced under the United States federal veterinary inspection act. They have, in fact, said that before any agency of the government may procure any meat or meat food products, whether they be intended for external or domestic programs, they must be slaughtered humanely, and they go on to say:

The secretary of agriculture is directed to designate methods of slaughter and handling which are considered humane on or before March 1, 1959, and at such times thereafter as considered advisable.

They have simply laid down a broad field of legislation, just as in this country it might be done by an act of parliament, and with regulations controlling the actual system being designated by the department with respect to that act.

Mr. CRESTOHL: It is quite conceivable that you might be asked to define what you, as a veterinarian, might conceive as being a humane method. You may be asked to define what is a humane method. I would address myself to Dr. Gwatkin and ask him this question, since he has made a pretty full survey: as far as you have seen it, would you include the kosher slaughter in your conception of what is a humane method; and if you separate that from the pre-handling, as it is done at the present time, would you say that it was a humane method?

Dr. GWATKIN: I hoped that I had made it very clear when I stated that with the actual Schechita cut there was no objection, and that it is a humane method. But the present method of restraining animals is not.

Mr. CRESTOHL: I separated the pre-handling of the cattle from the act of slaughtering the cattle. I separated the two.

Dr. GWATKIN: And so did I.

Mr. CRESTOHL: You said on page seven that the use of satisfactory casting would remove the only objection to ritual slaughter in Canada.

Dr. GWATKIN: Yes.

Mr. McILRAITH: And also on page 21.

Mr. HALES: Have we any evidence to prove that other forms of livestock, such as calves and hogs, if killed by the same method by sticking, would become insensible within two seconds the same as is said is the case in connection with kosher methods? If we used that same type in connection with other forms of livestock, would they become unconscious within two seconds?

Dr. GWATKIN: Yes, I think so. I would hate to be the man who is trying to kosher a pig, but a sheep I think would be readily adaptable to that. I believe I did tell my committee that it would be possible to kill sheep, which is something which worries us very much, by putting them in a so-called "piano" and cutting the throat. It is not a nice sight to see blood gushing out from a cut which is made in that way, but of course that is only because people do not understand what happens. I would say that if an animal could be quietly controlled, it would be all right.

Mr. HALES: In the case of sticking hogs in the usual way, would you say that they became unconscious within two seconds or would you think it would be unusual?

Dr. GWATKIN: I think it would be a somewhat longer time. I have not tried it, but I think they would be out fully as quickly when their throat is cut across because everything is cut at the same time and out comes the blood.

Mr. HALES: If we provided for kosher type of killing in a casting pen, it would be economic to do it; but if they decided to put lambs and calves and hogs into casting pens, supposing you put them in casting pens, if the act so says, the same way as in kosher killing, would we have to accept that as being humane?

Dr. GWATKIN: Yes; I would have no hesitation, if the "pre" part was all right. The cut would be humane to any animal; they would unquestionably be unconscious very quickly. I do not know how long it would be, but it would be very quickly.

Mr. HALES: I am thinking of the legislative angle, when it is drawn.

Dr. GWATKIN: Yes. As it is, sheep and lambs—goats, perhaps—would be killed for Jewish slaughter by ritual methods. It would have to be laid down. Those animals cannot be hung up, any more than the cow. At any time I have seen it, they have a rope and hang them up. With lighter animals it is not quite as bad. But I think it is a matter of putting them in a rack, where the throat would be cut. If other people wanted to Kosher their sheep and lambs, certainly it would be humane, if we accept this cut as being humane—and we can do no other. It is only the pre-handling that concerns us.

Mr. CRESTOHL: Do I understand you to say, Dr. Gwatkin—I did not quite hear everything you said—that a cut across, as the Shohet gives, causes quicker unconsciousness than sticking?

Dr. GWATKIN: Oh, yes; the blood gushes out. Instead of pouring out through a smaller aperture, everything is wide open.

The VICE CHAIRMAN: Gentlemen, we are reaching the point where we are below quorum. If there are no more questions, I would like to announce that our next meeting will be on Tuesday, which is April 14, at 11 o'clock. Our witnesses will be representatives from the Canadian Jewish Congress. I would also say that the steering committee will be meeting to make arrangements for details of future meetings.

Mr. Taylor is here, and I think he wanted to make a few more comments. That is right, is it not, Mr. Taylor?

Mr. TAYLOR: Yes, I should like to.

The VICE CHAIRMAN: There are a few minutes left. We are below a quorum, but perhaps until the bells ring you could take those few minutes, Mr. Taylor, if that is all right with the committee.

Mr. TAYLOR: Well, if it is time to pack up—

The VICE CHAIRMAN: We only have five minutes.

Mr. TAYLOR: Oh, I see.

The VICE CHAIRMAN: Would you come up here, Mr. Taylor.

Mr. TAYLOR: Mr. Chairman, I see I am going to get Dr. Gwatkin's blunt nail unless I am brief.

There were one or two questions raised at the last meeting. The chairman questioned the speed of the CO₂. Canada Packers tell us they are doing 485 an hour, which is one every seven and a half seconds. Dr. Kucherepa asked what would be the minimum amount of production necessary to install one of these CO₂ outfits. I heard from the manufacturers on April 6, and they said the lowest production rate at which it would pay to install the oval immobilizer would be 100 to 120 hogs an hour. So that covers a lot of territory. I am not prepared to argue the economics of that, and I suggest anyone interested should contact the Allbright-Nell Company of Chicago, who would probably be prepared to defend it.

There was another question raised by Mr. Noble and Mr. McBain with regard to the speed with which cattle can be shot with a captive bolt pistol. As time is very short, I propose to ask the chairman whether I may submit this written statement to be included as part of the record. It is from Mr. E. Y. Lingle, who is president of the Seitz Packing Company. It is a very useful document. It was prepared in 1956. I heard from Mr. Lingle only a couple of months ago, and he tells me that this method continues to be highly satisfactory.

The CHAIRMAN: Gentlemen, is it satisfactory to submit this report?

Some hon. MEMBERS: Agreed.

Mr. TAYLOR: It is as follows:

THE USE OF FLOODLIGHTS AND THE CAPTIVE BOLT PISTOL IN SLAUGHTERING BEEF

By E. Y. Lingle, President of the Seitz Packing Co., Inc., of St. Joseph, Mo., U.S.A.—1956

I appreciate the opportunity to bring you what we think is a new idea in beef slaughtering. This one phase of our business which we have always considered unpleasant, unsafe, costly, and brutal.

For many years we at the Seitz Packing Co. have felt that the method could be improved. We knew that the cause of most of the trouble in this operation is the sudden movement of the cattle in the knocking pen. When cattle are being knocked with a hammer quite often they move just as the hammer is descending, with a resulting missed or glancing blow, which necessitates another try. A missed or glancing blow usually frightens the cattle and makes it more difficult to hit correctly the next time. In the case of larger and older animals quite often it is almost impossible to knock them down with 1 or even 2 blows. It is the sad truth that sometimes this type of animal must be pounded into submission with several blows. The necessity for several blows can be eliminated by using a captive-bolt pistol, but it is difficult to get the cattle to cooperate by standing still so a captive-bolt pistol can be used. We have long wanted to use the pistol rather than the hammer, but felt we would have difficulty using it because of the movement of the cattle.

Recently, the foreman of our slaughtering department, Mr. Harold Watson, developed an idea that has been amazingly successful. It is so simple that we could hardly believe it would work. Like the solution to many problems, the simple answer is the best. Watson knew that cattle are easily blinded by bright lights. For example, how many times have you seen a cow or almost any animal for that matter, blinded by the headlights of your car at night? When an animal is blinded, his instinct is to "freeze"—just as he does when your headlights pick him up on the highway at night. Watson applied this line of reasoning to our slaughtering procedure and had the maintenance department install floodlights in each end of our knocking pen about the eye-level of the cattle. It was a very simple installation and a mechanic was able to finish it in a few hours. The lights are left turned off until the cattle are penned and ready for slaughter. When the cattle are in the pen, the lights are flipped on and the effect on the cattle is incredible. They are so thoroughly blinded and stand so quietly that you can reach down and put your hand on their head. We found that knocking the cattle with the hammer became much easier because the cattle were so quiet. The number of missed blows was sharply reduced and the operation was performed more rapidly.

But even with the lights, the human error caused some missed or glancing blows and we continued to have the same difficulty we had always had with larger, older animals. Then we realized that we could use the captive-bolt pistol, so we got one and tried it. It is so easy to use and so effective that we have no desire to go back to the old hammer method. Our results are better—our operation more efficient—our end product is improved—and, we're slaughtering cattle in a much more humane fashion.

I would like to outline here a few of the advantages of our present methods. Some of these advantages have come from using the lights, some from the use of the captive-bolt pistol, and some from the combination of both lights and the pistol.

1. *Greater Safety for the Cattle Knocker.*—Cattle knocking is an unsafe job because when a man swings a 5-pound hammer over his head and misses his object or makes a glancing blow—it produces a great strain on the man. We have had several injuries as a result of such missed blows.

2. *The job is easy to teach.*—It takes a man of great strength and good coordination to be a cattle knocker if he must use a hammer, and it is a job hard to teach. During times of labor shortage, it is one of the most difficult jobs in the plant to keep filled. Now with the lights and with the captive-bolt pistol—you can make an expert cattle knocker out of the average man off the street in an hour's time. It is that simple.

3. *Better Results.*—We have slaughtered over 5,000 cattle with the lights and with the pistol, and we have had only an occasional "stiff" cattle. Before we had lights, and when we used the hammer, we had stiff cattle every day. These stiff cattle are the ones that do not bleed properly and are very difficult for the butcher to skin because the hide is tight. It is quite apparent now that generally we are doing a better job of bleeding our cattle. The government inspector has remarked that there is less coagulated blood in the heart, and the men on the floor have shown me that there is less blood in the chest cavity when the cattle are eviscerated. Careful investigation has proven these facts to be true. Our beef foreman swears that his cattle cut better and that

he has less bruises; but, as yet we do not have adequate figures to prove this fact. I do know that in over 5,000 cattle we have had only one "spotter." I know, too, that there is much less lunging about by the cattle in the knocking pen—so it is natural that we should have fewer bruises.

According to Dr. Garold O. Sigars, veterinarian, who has observed our method, there are scientific reasons why we are getting few "stiff" cattle and better bleeding. He thinks it is a much improved technique over the old way.

4. *Greater Efficiency.*—We have made time studies of the slaughtering of several hundred cattle and we find that we can load the gun and shoot 1 cattle every 7 seconds. On the basis of 1 cattle every 10 seconds, 1 man can slaughter 360 cattle per hour and he can continue to do this all day long because his work is much easier than when he used the hammer. Our knocking pen is 9 feet long, a little over 6 feet high and 3½ feet wide. We use the gun from the same platform as when we used the hammer. We believe with this system a gun could be used in knocking pens up to 4 feet wide.

We made no changes in our knocking pen except to install the three outside weatherproof floodlights in each end. The lights can be installed at the ends of the knocking pen or along the sides, if necessary—just so they are about eye level to the cattle and shine in the cattle's eyes.

Time is also saved because the knocker never has to wait a few moments to see if the cattle are going to get up as he does when he uses the hammer. With the gun, he knows they won't get up. Since we have started using the gun, not one cattle has gotten up. There is a safety advantage here too.

5. *It is more humane.*—No more do we hear the bellowing in the knocking pen because a cattle has been hurt by a misdirected blow. With the lights, the gun is a sure thing—quick to use and with instantaneous results. But even for the packer who insists on using the hammer, lights will give much more humane results because there is much less movement of the cattle, with the consequence that they are easier to strike with the hammer. However, we strongly recommend that where possible, the gun be used with the lights.

The only disadvantage to the gun is that the brain is not edible when the gun is used because the bolt of the gun forces particles of hide and bone into the brain. Consequently, the inspection service will not let the packer save the brain for food. However, the brain in a cattle is worth less than 5 cents each and we feel that if an occasional bruise or dark cutter can be eliminated, we will save much more than the value of the brains.

Patent is pending on the lighting process and if the patent is granted, charges for use will be nominal because we are very anxious for the industry to use this method. We know that any member of the industry who can and will improve this cattle slaughtering method will be as pleased with his results as we are with ours.

The document strongly extols the use of these Seitz lights to keep the animal's head steady. Of course—as Dr. Gwatkin said—no method is perfect; but if the animal's heads are kept absolutely steady you can make pretty sure of 100 per cent results, and also you get the speed.

Mr. CRESTOHL: This is to appear in the minutes of the meeting?

Mr. TAYLOR: Yes. Mr. Horner also raised a question about the proportion of Kosher slaughter. I was recently in touch with the Canadian Jewish

Congress and tried to get the information, but the officials had no figures. They said they would endeavour to get them, so by the time the congress appears before the committee, they may have the information.

If Mr. Chairman would agree to accept something which is unofficial, but as yet unrefuted, I have been informed that Kosher slaughtering in Montreal is as high as 30 per cent of the total slaughtering in that city. I repeat that I am unable to substantiate this; but it may be of some help. That more or less deals with these questions, but I think it is rather important to note that the manufacturer of this oval CO₂ does state that it is economical for this apparatus to be installed for plants with a production of 100 to 120 an hour. I think I said "200" before.

Then, I believe Dr. Gwatkin referred to the Dyne or Weinberg pen and its strength. I had a letter from the manufacturers a few weeks ago, in which they said that these pens were sold in fairly large quantities in the Argentine. I do not know whether the Argentine cattle are any tougher than ours. Are they, Dr. Wells?

Dr. WELLS: I have not heard of their being used. Have you seen them in use in the Argentine?

Mr. TAYLOR: No; but the manufacturer says they have a number of these pens in use there. He says he would be quite willing to construct the pens to Canadian requirements, if necessary.

I do not know if there are any other questions, but I should like to say, in the very short time at my disposal, that personally, whilst I know that you can probably knock the small calf out with your fist almost, I would be very much against any manual method of either stunning or slaughtering—with the exception of kosher—any animals calves, sheep or lambs. I do not know whether you gentlemen have seen a mallet being used on sheep, but you almost have to knock their skulls to pieces. It is because of the wool on top of the skull; and it is very tough job. The pistol is quite easy to use, and I think in this brief that was produced there is a report of a large slaughtering establishment in Newcastle-on-Tyne which has a huge sheep production. I do not know what Dr. Gwatkin will have to say about that, but I think he will agree with me.

Dr. GWATKIN: I did not say "sheep".

Mr. TAYLOR: I beg your pardon, sir.

Dr. GWATKIN: I do not think so.

Mr. TAYLOR: Well, I am sorry.

I did not quite catch Mr. Hales' question with regard to cutting the throat across. Did he mean just with an ordinary knife, or with a kosher prepared knife?

Mr. HALES: With a knife as sharp as that used by the kosher slaughterer.

Mr. TAYLOR: I wonder whether you would get a knife as sharp as that? That is a ritual procedure. Could you get a knife sharper than a razor?

Mr. HALES: Well, if it is possible to get it.

Mr. TAYLOR: I would just like to raise the point that I think it is a rather dangerous precedent to suggest cutting the throat of any animal while it is still conscious, with the exception, of course, of where the knife is ritually prepared—because these boys are really careful.

However Mr. Hales is an expert on these matters. I am afraid I would not be prepared to argue too much. Another thing, of course, is that the delivery of quiet animals is of the greatest consequence. The quieter the animal, the better the meat. I am prepared to be questioned on this, but it was my experience years ago, when using a captive bolt pistol, that if an animal was

kept very quiet before the pistol was used, the time for the reflex action was delayed slightly and also there was not quite so much. That is just a personal experience.

Mr. CRESTOHL: Could I interrupt, Mr. Chairman, by asking one question. Must the head of the animal that is going to receive the pistol-shot be kept absolutely quiet and almost rigid?

Mr. TAYLOR: It should be, yes. Actually, it is to save mis-shots. If you have a lot of cattle in a knocking-box milling around all over the place, it is an awful job to get at them.

Mr. CRESTOHL: But it would be a bit of a job to get a good Canadian western steer's head so fixed that he could be immobilized.

Mr. TAYLOR: Yes, it would; but the whole thing is, with these Seitz lights you get the animal's head absolutely frozen.

Mr. HALES: Mr. Taylor, I think there is room for further thought on this. Are not the packers still using their stunning pens, but using the captive bolt pistol, having sox or eight steers in the pen?

Mr. TAYLOR: Yes.

Mr. HALES: Then their heads are not fixed?

Mr. TAYLOR: No, but if an animal's head is frozen, you can make sure you get increased speed.

Mr. HENDERSON: It is certainly very difficult to get them quiet. I have done a lot of dehorning in my time. It is very difficult to get the head still.

Mr. TAYLOR: If you have these lights glaring in their eyes at the time, it is very effective. If you catch an animal in the headlights of your car, you find it absolutely freezes. It is the same thing with these lights.

Dr. GWATKIN: It is a momentary reaction?

Mr. TAYLOR: Yes, it is. I am afraid I have nothing more to say, gentlemen—

Mr. CRESTOHL: Mr. Chairman, apparently Mr. Taylor is at some disadvantage in having so short a time. I wonder if he could come before us again, when he will have a little more leisure to make his points?

Mr. TAYLOR: I do not think there is very much more I can say, unless anybody wants to ask me something.

Mr. BEST: Mr. Chairman, could Mr. Taylor appear before us when perhaps the Toronto Humane Society appears before the committee?

The CHAIRMAN: Yes. The humane society will be here, and would it be agreeable to the committee if Mr. Taylor were to come back with one of those societies?

Some hon. MEMBERS: Agreed.

Mr. MCILRAITH: Mr. Chairman, I should like to have Dr. Wells available at these committees when he can conveniently arrange it.

The CHAIRMAN: I think Dr. Wells will be available at some future time. That is correct, is it not, Dr. Wells?

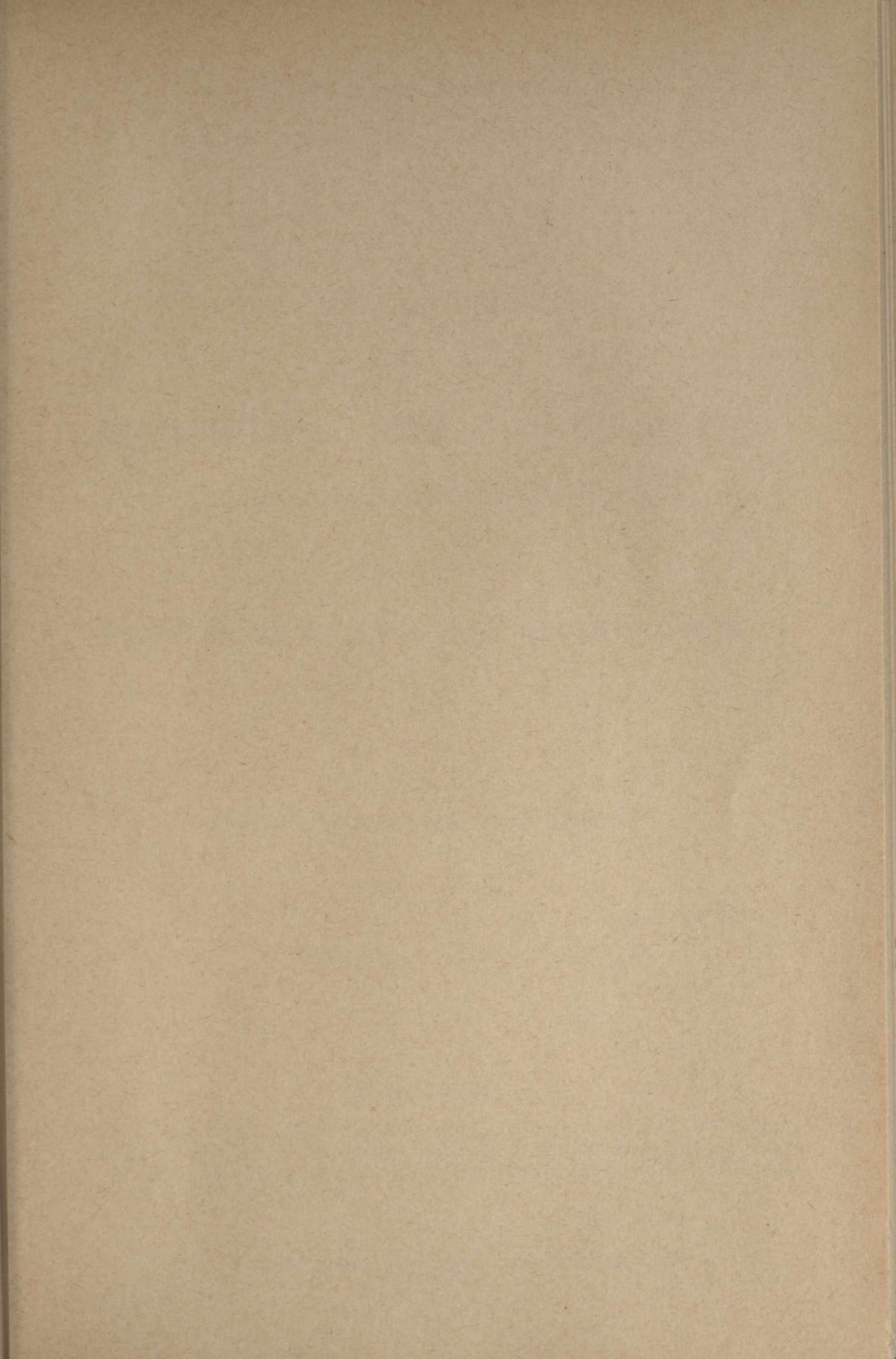
Dr. WELLS: I would be pleased to be available on any occasion. My present plans call for me to leave for Europe on April 25. Dr. Gwatkin will certainly be available. We have a meeting of the International Epizootics, which is the international disease agency. That meeting is in Paris at the end of this month, and I am scheduled to speak there and attend the meeting, representing our organization for the Department of Agriculture, health of animals division. But other than that, I will certainly be here.

Mr. CRESTOHL: Will you be available up to the time of departure, or immediately preceding?

Dr. WELLS: By all means. I do not want to take up any more time, but I do wish to explain something in regard to what Mr. Taylor has said with respect to these lights. Practical experience has led, not only ourselves, but the industry in Canada, not to lean as heavily on them as Mr. Taylor suggests. They do not, in fact, immobilize the head.

Mr. HENDERSON: I have never used lights, but I have done lots of dehorning, and it is very difficult to keep them still.

The committee adjourned.



HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Humane Slaughter of Food Animals

TUESDAY, APRIL 14, 1959



WITNESSES:

Messrs, Saul Hayes, National Executive Director; Sydney M. Harris, Chairman, Special Committee on Humane Slaughter Legislation; Rabbi S. M. Zambrowsky, Chairman, Religious Welfare Committee; all of the Canadian Jewish Congress.

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AGRICULTURE and COLONIZATION

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Stanton,
Thomas,
Thompson,
Tucker,
Villeneuve,
Walker.

M. Slack,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 14, 1959.

(4)

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Best, Broome, Cadieu, Mrs. Casselman, Messrs. Charlton, Crestohl, Cooper, Doucett, Fane, Fleming, Hales, Henderson, Jorgenson, Kucherepa, Lahaye, MacLean (*Winnipeg-North Centre*), McBain, McIlraith, McIntosh, Montgomery, Nasserden, Pascoe, Rapp, Regnier, Southam, Speakman, Stanton, Thomas, Thompson, Tucker, Villeneuve, and Walker (32).

In attendance: From the Canadian Jewish Congress: Messrs. Saul Hayes, National Executive Director; Sydney M. Harris, Chairman, Special Committee on Humane Slaughter Legislation; Rabbi S. M. Zambrowsky, Chairman, Religious Welfare Committee; Samuel Levine, Administrative Executive Assistant and Benjamin Kayfetz, Director of National Public Relations Committee.

Copies of a brief entitled "Brief on Humane Slaughter Legislation" prepared by The Canadian Jewish Congress were distributed to members of the Committee.

The Chairman called on Mr. Hayes, who after introducing the members of the delegation from The Canadian Jewish Congress, made a short statement and then called on Mr. Harris who read the brief referred to above.

Messrs. Harris and Hayes and Rabbi Zambrowsky were questioned.

The questioning completed, the Chairman thanked the delegation for their brief and their co-operation.

At 12.45 p.m., the Committee adjourned to meet again at 9.00 a.m. Friday, April 17th.

M. Slack,
Clerk of the Committee.

EVIDENCE

TUESDAY, April 14, 1959.

11 a.m.

The CHAIRMAN: Gentlemen, we now have a quorum. Will Mr. Saul Hayes and his delegation take their seats up here at the head table please.

Mr. CRESTOHL: You have no objection to my sitting here in isolated splendour?

The CHAIRMAN: Not a bit.

Mr. Kucherepa wants me to announce that there are a few tickets left for the banquet at 12.30 today in room 16, the medical luncheon. You may receive your tickets from Mr. Kucherepa.

Today we are fortunate to have with us representatives of the Canadian Jewish Congress from Toronto and Montreal who will present a brief. Following it you will be permitted to ask any questions you like about the humane slaughter of animals. I now ask Mr. Hayes to introduce his group.

Mr. Saul HAYES (*National executive director, Canadian Jewish Congress*): Mr. Chairman and gentlemen; permit me first of all to thank you for the invitation to be present because this is a matter of considerable importance to us, and to express our point of view on the matter of ritual slaughtering. It is unnecessary for me to say that we are convinced that cruelty to animals must be extirpated from Canadian life.

I would like to take this opportunity to say a word or two about the Canadian Jewish Congress so that you will have the advantage, I hope, of knowing that we are speaking on behalf of the Canadian Jewish community, and that you will know that the viewpoint expressed in this brief will be the official brief on the part of the Canadian Jewish community and will represent the point of view of the Canadian Jewish community in this matter which is of importance to it.

We had an opportunity to discuss this matter with the Hon. Mr. Fulton, the Minister of Justice, last year when he was considering introducing an amendment to the Criminal Code on the same subject matter. For reasons which you know better than I, it has been diverted from the Department of Justice to your own committee.

At that time we had opportunity to meet with Mr. Fulton and to explain our point of view; and what we indicated to him is contained in this brief which will be presented to you.

The Canadian Jewish Congress has headquarters at Montreal, and divisional headquarters all over Canada from Halifax to Vancouver. There are very important branches in the two principal areas of Jewish population, Montreal and Toronto.

Mr. Sydney Harris is a lawyer from Toronto and he is head of the special committee on this matter of legislation on slaughtering practice; Rabbi S. M. Zambrowsky of Montreal is chairman of our religious welfare committee under whose jurisdiction these matters find themselves; Dr. Samuel Levine of Montreal is an executive assistant in the Canadian Jewish Congress, and Mr. B. G. Kayfetz of Toronto is director of our public relations committee.

As you may guess from this juxtaposition of religious welfare and public relations, these matters are intertwined.

Please do not think that we are going to speak five times. Actually Rabbi Zambrowsky will introduce our brief which is contained in the short form in which you see it, and Mr. Harris will be available as well to make his point of view and to answer questions.

The other members of the committee are here not only to give moral support, but because they have taken an active part in the preparation.

Thank you for this opportunity, Mr. Chairman.

Mr. Harris will now read the brief. We were well prepared except that I "goofed" on who was going to read it. It will be Mr. Harris.

Mr. SYDNEY M. HARRIS (*Chairman, special committee of humane slaughter legislation, Canadian Jewish Congress*): Mr. Chairman and gentlemen: I propose, with your permission, to read this brief which is, contrary to the practice in many briefs, in fact, brief. It sets forth our position, and following the reading of it, Rabbi Zambrowsky and I will be pleased to answer any questions or enter into any discussion that is desired by members of the committee.

Mr. Chairman and gentlemen, the Canadian Jewish Congress is the spokesman of the Jewish community of Canada. We are ever concerned with those matters of public interest which affect the status, rights, and welfare of our community and indeed of all Canadians. We have requested the opportunity of appearing before you today for two reasons—first and foremost because our religious traditions which forbid inhumane treatment of animals impel us to express our concern in connection with the problem before you, and secondly, in order to make clear to the people of Canada that our traditional practices in this area have been developed with humaneness as their prime prerequisite.

Our holy books—both the biblical laws included in the Five Books of Moses and the great body of sacred literature comprised in the Oral Law (Talmudic Law)—impose considerable restriction and injunction upon man's treatment of his domestic animals. Domestic beasts, like human beings, must be rested on the Sabbath. The farmer must feed and water his cattle before he partakes of his own meal. The ox when working in the field is to be unmuzzled so as to partake of the grain. Hunting for sport is forbidden. The Hebrew expression "tsaar baalei chayim" (prevention of pain to a living creature, i.e. an animal) is a basic concept in rabbinic and Talmudic writings and appears frequently in legal and religious discourses and in the writings of the Jewish sages. There are even rules prohibiting the gelding or the branding of cattle based on the pain these procedures would inflict.

We raise this point as a general background to the matter with which we are dealing since the historical attitude of Judaism to the treatment of animals has a direct reference to the Jewish method of animal slaughter. Shechitah—the Jewish method of animal slaughter—cannot be fully understood unless it is examined and interpreted in the context of the total Jewish religious precept of humane treatment for animals. Observant Jews may not partake of meat from an animal not slaughtered in accordance with the requirements of the divine law handed down at Mount Sinai and referred to in our holy books, as we have mentioned before. In the history of mankind the Jewish faith was among the first to establish legislative sanctions against inhumane slaughter of animals.

The entire process of shechita is so highly regulated and circumscribed by religious prescription that the whole procedure is permeated with ideas of sanctity and caution, and with the respect demanded by a religious act. The shochet—the slaughterer—must primarily be a man of high moral character and personal piety, specially trained for his office, possessing a precise knowledge of the anatomy of the animal, and steady of hand, and he must be well versed in Jewish law. He receives and maintains his authority to practise his calling from a rabbi who submits him, before he commences his profession, to rigorous tests

of his general knowledge of Jewish law and his familiarity and skill with the rules and practices of ritual slaughter, and he is subject to continuous supervision thereafter. In the course of this supervision the shochet's knife-blade—chalif—is tested to ensure that it maintains its keen and flawless edge—an essential factor for humane and swift killing.

The unauthorized individual, in Jewish law and tradition, may not slaughter an animal for food purposes. Animal slaughter is regarded as a matter that cannot be undertaken casually or privately. It is an act undertaken only for food purposes and may not be carried out except by those specifically trained and ordained for the purpose. We know of no other tradition or society in the western world where slaughter of animals is so strictly regulated and where casual or careless slaughter of animals is prohibited. Slaughter by an unauthorized person, even for family or individual consumption, is utterly unknown and foreign to Jewish practice. The entire process of animal slaughter is permeated in spirit and in practice with sanctity and veneration for God's creatures.

In Judaism, says Dr. Jeremiah J. Berman*, learned author of the definitive text on this matter,

...the act of animal slaying is not viewed as a step in the business of meat preparation. It is a deed charged with religious import. It is felt that the flame of animal life partakes of the sacred, and may be extinguished only by the sanction of religion, and only at the hands of one of its sensitive and reverential servants. The performance of shechitah is, as every Jew who follows the tradition senses, a significantly religious act.

At this point it is appropriate to give a description of the Jewish method of animal slaughter. We quote from the testimony rendered before a committee of the parliament of Eire on January 17, 1934, by the Rev. Dr. Isaac Herzog, then chief rabbi of Ireland and now chief rabbi of Israel:

The Jewish method consists of cutting the throat of the animal with a single swift and uninterrupted sweep of the knife, which is of more than surgical sharpness and smoothness, horizontally across the throat in such a manner that it severs the trachea, oesophagus, carotid arteries and jugular veins. The knife-edge must be perfect, without the least perceptible unevenness, indentation or roughness. The knife must be minutely examined by a specific method before killing to test its sharpness and smoothness. It must also be examined after killing and if any indentation is found, the beast is regarded as having been improperly slaughtered and its flesh is 'nebelah', i.e. is regarded from the standpoint of our dietary laws like the flesh of an animal which died of itself (carrion) and may not be consumed by Jews. The knife must be twice as long as the breadth of the neck of the animal: for larger cattle fourteen finger-breadths.

The slaughtering of animals for Jewish consumption, must be carried out by an educated, refined, and cultured man, known to be God-fearing, who is appointed an official of the community, properly trained, duly licensed, authorized and supervised by the religious head of the community, whose duty it is in the case of the slaughterer's misconduct or inefficiency to suspend him or even to annul his license.

Although we do not wish to overburden you with quotations, it may not be amiss to cite a number of additional authorities in order to make quite

*Shechitah. N.Y. 1941, Bloch Publishing Co. Page 8.

clear to the honourable members of the committee the physiological and other processes involved in shechitah. Reference may be had to a statement made on March 26, 1957 by Dr. H. H. Dukes, professor of veterinary physiology and head of the department at the New York State Veterinary College, Cornell University, Ithaca, New York:

I have seen more than 100 cattle and a large number of sheep and calves slaughtered by shechitah, the Jewish method of slaughter. The observations were made in several slaughter houses, two of them large establishments in New York City.

In my opinion the method is humane. This opinion is based on (1) detailed observation of the method in all its aspects, and (2) careful observation of the animals before, during, and after the cutting of the throat. The visual observations have been supported by the making of several motion pictures, some of them in slow motion.

The cutting of the throat in shechitah is done with a large, very sharp knife with an edge of great smoothness. The incision is a very large one, quickly and skillfully made by the ritual slaughterer. Among the structures of the neck that are severed are the carotid arteries and the jugular veins. An immediate outpouring of great quantities of blood occurs from the heart ends of the severed vessels. In most cases there is very little bleeding from the head ends of the severed vessels.

In my opinion the suddenness and the magnitude of the hemorrhage almost immediately reduce the blood flow through the cerebral vessels to the point where consciousness would no longer be possible. It is most unlikely that consciousness would be maintained by the small blood flow through the vertebral arteries (which are not severed by the cut but which in ruminants supply little blood to the brain anyway). It should be pointed out that consciousness does not necessarily imply pain.

The cutting of the throat is done so quickly and skillfully that the feeling of pain as a result of the cut is improbable. At the most, any pain felt would be momentary, for the animal must quickly pass into unconsciousness from inadequate blood supply to the brain.

The contractions of the muscles of the animals, including struggling and sometimes convulsive movements, following the cut have nothing to do with consciousness or pain. They are caused by the action of nerve centers in the brain stem and spinal cord, levels of the nervous system below the cerebral cortex. These centers are at first excited by the lack of blood supply and send out nerve impulses to the muscles they govern. The reaction of these nerve centers to lack of blood supply and oxygen is well known to physiologists and is in no way concerned with consciousness and pain.

An uninformed person watching the reactions of an animal dying from severe hemorrhage could draw erroneous conclusions with respect to consciousness and pain. The correct interpretation of the reactions requires fundamental knowledge of the anatomy and physiology of the animal, particularly as applied to the circulation, respiration and nervous system.

Many physiologists and veterinarians in past years have declared that in their opinion shechitah slaughter is humane. I join in this assertion.

We further refer to a statement made on February 3, 1955, by the late Lord Horder, G.C.V.O., M.D., F.R.C.P., (physician to Their Majesties Edward VIII, George VI, and Elizabeth II):

The animal loses consciousness immediately. It is difficult to conceive a more painless and a more rapid mode of death. For a few seconds after the cut is made the animal makes no movement. Its body is then convulsed; the convulsive movements continue for about a minute and then cease.

The interpretation of these facts is clear. The cut is made by a knife so sharp and so skilfully handled that a state of syncope, with its associated unconsciousness, follows instantaneously upon the severing of the blood vessels, the rapid loss of blood and the consequent great fall in blood pressure. The movements of the animals, which begin about ninety seconds after the cut and continue for about ninety seconds, are epileptiform in nature and are due to the bloodless state of the brain. Sensation has been abolished at the moment of the initial syncope.

Careful and critical scrutinising of this method of slaughtering leaves me in no doubt whatever that it is fraught with less risk of pain to the animal than any other method at present practised.

We also wish to cite from the recent report made by the Canadian veterinarians Dr. Ronald Gwatkin, D.V.M., C.V.Sc., and Dr. A. C. Tanner, D.V.M.*:

There does not appear to be any reaction to the cut. The convulsive movements observed later are only such as noted in all animals when asphyxial convulsions set in.

A distinguished British physiologist, Sir Charles Lovatt Evans, D.Sc., F.R.S., emeritus professor of physiology, London University, wrote**:

... common sense tells me that if the animal suffered he would kick immediately the cut was made. As everyone who has ever witnessed the act is well aware, the animal lies absolutely still the moment the vessels are severed, and it is only a minute or so later that asphyxial convulsions set in. Consciousness, we know, is lost long before this. On physiological principles... the carotid arteries being severed, much of the blood supply to the brain is immediately lost. The remaining vessels to the brain, in any case, even at the normal arterial pressure, supply only a fraction of the blood, and with the immediate fall of blood pressure the fraction is still further reduced; the result is, I think, almost immediate loss of consciousness.

In 1904 T. H. Openshaw, C.M.G., M.S., F.R.C.S., said:

...if both carotids are cut the cerebral circulation must fail practically completely and the onset of more or less complete insensibility to pain be almost immediate. The act of bleeding is not painful.

Of the many cases of cut throat which I have treated at the London Hospital, I never knew one who said that he had experienced any pain at the time of injury, and those of whom I have asked the question have all said they felt no pain at the moment of cutting the throat.

Sir Leonard Hill, M.B., F.R.S., said in 1904:

Two facts are indisputably established: (1) that a big injury such as throat cutting is not felt at the moment of infliction; (2) that the cutting of the big arteries in the throat instantly arrests the circulation in the great brain and abolishes consciousness.

* Report of Joint Committee on Improved Methods of Slaughter by Ronald Gwatkin, D.V.M., D.V.Sc. and A. C. Tanner, D.V.M.: October 22, 1957.

** Cited in S. D. Sassoon: Critical Study of Electrical Stunning and the Jewish Method of Slaughter, Third Edition 1956, Letchworth, Herts.

To sum up, these authorities confirm that the incision itself is not painful, that the animal retains no consciousness after being cut and that any convulsive movements of the animal following the cut have no relationship either to the suffering of pain or the retention of consciousness. These latter matters are all of them subject to frequent misunderstanding on the part of persons unfamiliar with the physiology involved in the act of shechita and who are misled by subjective impressions received after a superficial observation of its performance.

A weighty body of public opinion has voiced the demand that legislation be enacted to ensure that food animals be slaughtered in a humane manner. The laudable purpose of this demand is to provide that the animal will suffer as little pain as possible prior to its being put to death. With this we concur, but one method that is frequently suggested is that the beast be stunned or rendered unconscious prior to slaughter. Our religious laws require that food animals must not be injured or hurt in any way before they are slaughtered and that they must be conscious, healthy and whole at the moment of slaughter, and accordingly any requirement that animals be stunned or rendered unconscious prior to the act of slaughter would make it impossible for Jews to conform to the precepts of our religion. Since the very act of shechita renders the animal completely and instantaneously insensitive to pain, we submit that our method of slaughter accomplishes exactly the end desired by those who recommend pre-slaughter stunning and should be regarded in every sense as equivalent thereto.

Our religious mandate requiring humane treatment of animals is applicable to pre-slaughter handling as well. In the past, when mass production of beef was not a factor, the method of casting commonly used was to bring the animal to the floor by a wrestling process—somewhat like the “bulldogging” that is done in branding cattle in the Canadian west. This still may be prevalent in smaller centres and abattoirs. In the larger plants, however, the assembly line kind of output has been facilitated by the suspension of the animal by its hind-feet. Some observers, looking at this subjectively, conclude that it causes the animal pain and report bellowing, shaking and terror. Others, just as sensitive and observant, find that the worst that can be said about the process is that it inflicts an undignified though not painful end to the animal.

In the preparation for Jewish slaughtering it is essential that great care be exercised to avoid injuring the animal, if for no other reason than that injuries so produced might render the animal ritually unfit for consumption. Any injury caused to it by mishandling would render the animal unfit for consumption even if it were to be slaughtered in accordance with the Jewish method.

We must underscore that it is and always has been our desire to prevent any cruelty. We have no desire to protect methods of pre-slaughter handling or preparation which may be inhumane. At the same time we see no need to restrict or ban present methods of handling which may not be inhumane. While we hold no brief for and oppose any form of shackling or hoisting which may be inhumane, we do not think it should be assumed that shackling and hoisting per se are inhumane. In any event whether reference is made to existing methods of handling animals preparatory to slaughter or to necessary modifications of such existing methods or to revolving pens or methods as yet to be devised, our position, precisely stated, is that we are opposed to any methods which may be inhumane; this does not necessarily rule out existing methods of handling animals preparatory to slaughter which are or which could be modified so as to be humane.

At this stage of the development of this subject it is impossible to restrict pre-slaughter handling to any specific method since we cannot predict in

advance how such methods will apply in actual experience to Canadian conditions and on Canadian bred animals or whether or not our religious requirements may thereby be prejudiced.

In any legislative treatment which may be recommended by your Committee we therefore respectfully submit that there should be included a statement recognizing as humane any method of pre-slaughter handling or preparation which is consistent with the requirements of our faith for the slaughter of food animals.

We have one or two further observations to make in regard to legislation or regulation. The suggestion is sometimes made that all that is necessary in such enactments in order to protect shechita would be a clause exempting shechita from the general provisions of such a law or stating that it should be "considered" as humane. An exemption of this type would not be acceptable to us: it leaves the impression that the exception is being made solely for reasons of religion even though the act of slaughter itself is not considered by the proponents of such a law to be humane. Any enactment should be so phrased as to clearly and unequivocally indicate that the Jewish method of slaughter and any pre-slaughter handling consistent therewith is humane.

If it would be of assistance to you we would very much appreciate an opportunity of considering any proposed bill or regulation which you may recommend and if you wish we are prepared to render what assistance lies within our power in the drafting of such.

We are deeply grateful for this opportunity of appearing before you and of explaining through you to the Parliament and people of our country the very important considerations that determine the attitude of our faith to the humane slaughter of animals.

All of which is respectfully submitted for the Canadian Jewish Congress on behalf of the Jewish Community of Canada.

This is presented by my colleague Rabbi Zambrowsky and myself. Thank you, very much.

The CHAIRMAN: Gentlemen of the committee, have you any questions which you would like to ask?

Mr. BROOME: Mr. Chairman, I think this committee, both from the testimony we have heard before and today are in complete agreement that shechitah is perhaps the most humane method which can be devised. I think the only part in which there might be any question is the shackling and handling of animals prior to slaughter. I notice that the brief says:

... necessary modifications of such existing methods or to revolving pens or methods as yet to be devised. . .

Information given to the committee so far has shown that these pens have been devised and are in use, whereas the brief implies they are yet to be devised. I wonder if it might be possible for the delegation to comment in respect of the use of casting pens.

Rabbi ZAMBROWSKY: As far as the preparatory steps preceding shechitah slaughtering are concerned, from all the personal knowledge and all the reading I was able to do on this subject, I have failed to find where authorities agree that any type of pen which has been invented so far is less painful from the point of view of the animal.

In respect of the shock, it may be that the shock of seclusion in such an isolated spot might be more of a shock to the animal than its being lifted up. As we have seen in operation, the whole process in the preparatory stages from the time the animal is taken out from its seclusion and brought into the place of slaughter where it is hoisted on a chain, through the actual cut of the neck, is a process which takes from between 26 and 29 seconds on the average.

Some authorities we have read claim that, because of the quickness, the animal does not have a chance to experience even a shock, not to speak of the pain of mistreatment.

I might add a quotation from the same professor to which my colleague, Mr. Harris, referred. He failed to include a few words at the end:

I should be happy to think my own end were likely to be as swift and painless as the end of these cattle killed in this way undoubtedly is.

Whereas we may not have any special objection to a type of pen if the process is so arranged that it does no damage to the animal, there is actually no proof that the animal suffers less through such a process.

Mr. BROOME: May I ask a further question? What is the furor all about in respect of the humane slaughter of animals, because if what the witness states is correct there is no need to change any conditions at present since all animals at present are stunned pretty well universally or hoisted and shackled and carried along to the actual killing spots. If what you say is right, in effect what you are saying is there is no need whatsoever for any change.

Rabbi ZAMBROWSKY: From our point of view and the methods that are used by the Jewish people, I do not hesitate to say there is absolutely no need for any changes or for any legislation, because so far we have seen that no method suggested, or no legislation introduced anywhere, serves or would serve as an improvement upon our extremely careful and cautious way of handling cattle.

As far as the general picture is concerned, speaking from the point of view of Jewish law, of course, as you heard from the memorandum, we are opposed to stunning or hammering. We believe that it is not the most humane way. However, we certainly are not asking for any legislation. We feel that if our system is left alone that justice is done to the animal to the extent that any justice can be done in any method of killing. Killing per se of any living being may not be the most humane thing, but once it is accepted that we have to procure meat for human consumption, we must resort to it. I think in our way both handling it and slaughtering it there is no question in our minds that this satisfies to the maximum, presently at any rate, anything that may be suggested.

Mr. HALES: Mr. Chairman, I do not think there are any differences of opinion as to the fact that the shechitah method of slaughter is humane. I think the differences of opinion rest in the preparation before slaughter. From what we have heard, to date, I think that the method of shackling a steer by one leg and hoisting it up off the floor and letting him struggle until the cut is made cannot, in the eyes of the general public, appear to be very humane.

Therefore I am wondering what objections the group appearing before us has to the casting pen? Why not put the casting pen into operation? Is it not being used in other countries today with complete satisfaction? I would like to hear some discussion on the use of the casting pen.

Mr. HAYES: The casting pen is in widespread use, particularly in the United Kingdom and it may be used elsewhere, but we know only about its use in the United Kingdom and also I believe in the Argentine.

The literature which we have on its use in the United Kingdom is to the effect that it is eminently satisfactory. It appears to solve the problem of some people and solve our previous objections.

However, there are different conditions in Canada to those appertaining in the United Kingdom, conditions of which I can only speak for hearsay. I do not have any personal knowledge. That is, the type of cattle, the docile cattle of the United Kingdom contrasted against the pertinacious type we have on this continent. That is an important aspect of it.

I am not asked to give any views on these matters, but with your indulgence I would like to say that I think it is impossible to come to a conclusion as to whether or not the shackling is inhumane unless one has spent an hour in an abattoir and makes up his own mind. If you have a picture before you and see an animal hoisted and do not know how long it was there, you would get an impression which is out of perspective. This whole operation takes 26 to 29 seconds and then you realize that you have a different outlook as to whether or not shackling is inhumane. I say that with deep respect for those who disagree with me.

Members of the humane society go into abattoirs and come out with an entirely different picture. The very thing I consider quite humane because of the lifting of the cattle so quickly—and the destruction is so quick, almost before you can say, "Jack Robinson"—my friends from the humane society look at it and say, "what a horrible picture for an animal to be hoisted up to be destroyed!"

There is another point I would like to make by way of advice which I think is perhaps presumptuous of me, that there seems to be considerable value in not having this made a question of rebuttal of a presumption such as was indicated in the first item, to deal with it in the Criminal Code, because there is the consideration that even a casting pen can be cruel. The question of having a casting pen, in itself, does not solve the problem of inhumaneness, any more than the shackling. If it does not work well in certain cases, it will not be humane.

Therefore, the question really is the type of method used in the pre-slaughter handling and how it is used, and not a generality that it is bad per se. If there were an amendment to the Criminal Code which said that anybody is guilty of cruelty to animals unless he conducts the pre-slaughter handling under certain conditions, then there is a presumption that it is not cruel until proven to be cruel.

Any of the cases of shackling I have seen are not inhumane. Again objectively, a judge or a jury may in one case say it was and in another say it was not, and in another case this might apply to the casting pen as well.

Mr. HALES: The United States regulations are to be put in force in 1960. Are the casting pens to be used there?

Mr. HARRIS: I do not think we have any knowledge. I read the testimony and the debates in the United States Senate and before the special committee, and reference was made to the casting pens but they did not commit themselves because they have before them a bill which provides for a study of the entire matter in order to develop the appropriate way of doing it.

I do not suppose anyone knows the conditions of the casting pen. All of us in this delegation agree with Mr. Hayes that the conditions which face the casting pen in Canada or in the United States are considerably different from those which face the casting pen in the United Kingdom.

Mr. HALES: May I ask why?

Mr. HARRIS: Because of the difference in the size, weight and temperament of the animals. I cannot speak from personal knowledge but people who know—and I would imagine some of the members of this committee would have better knowledge of the temperament of Canadian cattle than I would—seem to agree that our animals are both larger and less docile than the type of cattle in the United Kingdom or in the Argentine. On that basis it has been said by people who studied the matter that the casting pen has not yet been devised which will of surety handle Canadian cattle. It may be possible to do that; I do not know. I do not have knowledge of the casting pen in operation. I do not think any of us has. It has never been used in Canada. We know several have been brought here experimentally; there are two or

three in Toronto, but they have not yet been installed. In the larger abattoirs in Toronto the casting pens have not been put into operation.

When we speak of the casting pen we are speaking largely in the air. That is why we make the point that we cannot specify at this stage that casting pen A or B, and there are at least two different types, would be an appropriate way to handle the matter. Until it has been actually tested in operation with our cattle, I do not think it would be possible to make a flat statement about it.

There is one thing I would like to elaborate on, which arises out of these same two questions, and that is this question of cattle being suspended from the time they enter the slaughtering floor until they arrive for the slaughter. I confirm what Mr. Hayes said, and I am speaking from personal experience. My colleague, Mr. Kayfetz, and I spent what we thought was a considerable time in the abattoir in Toronto and watched this method of slaughter. We were careful to time it because we had heard before we went there that there were occasions on which animals were left suspended for a period of minutes.

Our visit was not an announced visit. We found that in the hour and a half or so that kosher killing was being conducted on the floor that day there was only one animal which took as long as 40 seconds to travel from the time he was pulled off his feet until he was dispatched. The time for the others was considerably less. It is a very fast operation.

I have to add this as well; if an animal when he came on the killing floor was fretful, and given to bellowing, it bellowed on the rail under suspension and those animals that were docile and quiet did not. Their reaction to the momentary surprise of being up-ended seemed to us to be quite a placid acceptance of what fate had decreed without any knowledge, as far as we could see, that anything unpleasant was about to happen.

There was not, in our observation, bellowing or kicking on the rail before coming in front of the shohet.

I think from what we have presented and what the members of the committee have said, that it is obvious the knife cut and the process of slaughter itself does not inflict pain. The matter comes before you and must be judged in the light of all the conditions. I am quite prepared to agree that an animal left hanging for a period of minutes would certainly be inhumanely treated even if there is no pain.

I have to deal with the point which Dr. Gwatkin made in his study, which deals with the actual method of operation. A shohet does not just have one knife. He has a rack of knives and they are all prepared and all tested. In our operation it has not happened than an animal will come before him and he will suddenly have to stop and change or resharpen knives. His operation is to prepare a number of knives in advance. As the cattle come before him one after the other they are dispatched. When he is through with that set of knives he tests them again in case they have been injured in the act of slaughtering, and proceeds to resharpen and retest during which time no cattle are hoisted.

I think it is necessary to make clear one other matter; then I will cease, because this answer is becoming longer than I expected. The operation of hoisting the cattle, while it is often referred to, sometimes even by ourselves, as though it were part of our operation, is not. I think that should be emphasized. We did not devise it. We are not attempting to justify it. We are not saying it cannot be changed. All we say is that in the slaughter of animals in accordance with the principles of our faith they must be alive, conscious and whole, and there must be some way of getting them in front of the slaughterer. There have been many ways in different parts of the world devised to do that.

As we have indicated in the brief which we have presented, nothing has yet been proven that would show that any one of those methods is necessarily inhumane or cruel. Humane elements enter into all these things. It is conceivable there have been cases when an animal has been suspended for longer than it should be, but that can happen in the course of the operation of any mechanical apparatus. This operation as presently being conducted does not involve the animal being in a conscious state for longer than 40 seconds. When Rabbi Zambrowsky experienced it, the average time was about 29 seconds.

Rabbi ZAMBROWSKY: The law adopted by the Congress in Washington definitely makes provisions that the handling of cattle necessary for shechita be not restricted in any way but be permitted to be carried on as part of the general act of slaughter. This is specifically included in the last draft of the bill which was signed by the President of the United States.

Mr. HALES: I understand in your brief you do not want that included in the legislation here.

Rabbi ZAMBROWSKY: For the mere reason that we regard our method of operation as not being inhumane. May I make this observation? When cattle have to be examined by a veterinarian they also have to be placed in a lying position. The animal will not lie down just because the doctor wants to examine it. It has to be handled. I do not think the handling in preparation for shechitah is worse. In fact it takes so much less time than in the case of cattle being prepared for an examination.

Mr. BEST: I appreciate these remarks and this brief which has been presented today. I think it is very well worded and thought out. I was interested in Mr. Harris' remarks with respect to the ritual part of this slaughter. In a sense I think this separates into two main sections, perhaps this brief and the over-all problem which we are considering. I think I am correct in understanding that the ritual part is merely the last part, the actual act of slaughter itself, and that the recommendations on the preparation for slaughter are part of the study of the whole process, but not the ritual part of the killing process itself.

It has been the feeling of many of us who have experienced these methods that shackling and hoisting are inhumane and many of us feel this rather strongly. This may raise the problem of a need for new methods. There is some evidence, which Mr. Taylor presented at the last sitting of this committee, to the effect that these casting pens can be made considerably stronger for Canadian cattle. Certainly there is a difference between British and Canadian cattle. I cannot conceive that the difference would be too great as between Argentinian and Canadian cattle. I would think they would be of a similar nature, and I believe casting pens are working fairly well in the Argentine. I am speaking from memory now. One of the manufacturers told a previous witness they would be very happy to make reinforced casting pens for the Canadian market. Therefore I would say the feeling of many of us with regard to shackling and hoisting is that while the average time in position might be short, you may have instances where the time is from one to three minutes. I think in the Toronto city abattoir there are occasions, although not often, when this does go on for that length of time. Perhaps some of the difficulties experienced by the animals is shown in the condition of the meat itself. Occasionally you see such things in cattle and hogs as jerked hams and various problems which arise in the shackling and hoisting.

Mr. HARRIS: Of course the member of the committee is quite right when he says that the ritual has to do with the slaughter and not the preparation of the pre-slaughter procedure. The point that we wish to make is—and this is not necessarily a Jewish point of view; I think it is a general point of

view—we do not think, if we may respectfully say so, that it is proper to legislate in respect of something unknown.

I know that the manufacturers, or the Canadian agents for those manufacturers of various casting pens have indicated they think they can make a pen which should operate with Canadian cattle. We say in our brief it is impossible to restrict the handling at this time to any specific method because we cannot predict how it will work. In effect I am saying that the committee, or the department, or the court, or someone when dealing with the matter should know that it is a practical one. I might add that Dr. Gwatkin admitted that his experience with the casting pen is based on what he saw in England, and he also agrees there are different conditions in Canada. On that basis it seems to me it would be difficult to make a forthright recommendation, let us say, that the preparation for shechitah shall be by way of a casting pen without knowing that the casting pen can actually work here. I am prepared to feel it might work. But until we know it does it is difficult to describe it. That, I think, is our position. I know Rabbi Zambrowsky also has a comment on this matter.

Rabbi ZAMBROWSKY: I should like to call to your attention that we cannot possibly accept the proposition that from a religious point of view we are interested only in the actual slaughtering because this is the ritual and not the handling beforehand. Such a division is not quite possible for this reason, that if something is being done in the pre-handling which is not correct, that may nullify completely the actual act of slaughtering. If some damage is done to the cattle, or some injuries, then regardless of how careful you follow the method of the actual act of slaughtering, that would still make those cattle unfit for consumption for observing Jews.

Therefore we cannot possibly completely divorce the act of preparation and handling from the actual act of slaughtering. I should like you gentlemen to bear this in mind.

Mr. BEST: Nevertheless, in a ritual sense, if the animal arrives at the position of slaughter in a satisfactory condition, it is all right.

Mr. HARRIS: Yes.

Mr. BEST: It is difficult to anticipate legislation, but I would believe that any legislation could scarcely perhaps be so specific as to mention a certain means. It might be of somewhat more general nature leaving some of the onus on the people in the packing houses, or your people, to provide these methods, possibly after a certain period of time, and also possibly a variety of methods.

I am suggesting this as a possible method of procedure in the legislation. I would think that this might be a pattern to follow.

Mr. HARRIS: This is similar to the study of the problem before the United States house.

Mr. BROOME: There is a point which has not been discussed but which I believe the Congress feels is most important and in which I must agree. Knowing that shechitah is about as humane a method as possible, I certainly agree with the statement in the brief that any regulation which would be so worded as to imply by exception that shechita is inhumane is not fair. I think that point is very well taken.

I have a comment on the rabbi's statement of a minute ago, and that is his statement that his position is in line with what the committee is trying to do. That is, if there is damage to an animal it is through fright and could necessarily imply an inhumane method if the animal can possibly be damaged in pre-preparation. So what the rabbi has said is right in line with what we and the people concerned with this are trying to resolve.

It seems to me that the delegation have a completely wide open mind in respect of the method of pre-preparation prior to the actual act of slaughter. Am I correct in that as a summary?

Mr. HAYES: There is just one point I would like to introduce. I pause at the point that there is a certain argument on the assumption that certain methods are not necessarily humane in certain countries and certain abattoirs. It takes some personal experience to make up your mind on it. Assuming, in a small town in a small area far from a centre of large population, that the shackling or hoisting method could be humane at the time from the point where the animal is brought in, hoisted and dispatched anywhere from 26 to 40 seconds.

I assume that would be humane. Then, if you introduce legislation which imposes a casting pen which is a very expensive procedure on the abattoir, you are virtually, not directly, but indirectly, making the practice of ritual slaughter impossible in the smaller communities, because I am told—although I am not sure if the statement is correct—that one of the reasons for the position of the abattoirs in respect to this whole thing is the cost of it, which is not cheap.

The cost of living is bound to go up because of increased prices due to the cost of casting pens. If you introduce casting pens between Winnipeg and Vancouver, and no cattle can be slaughtered without their use, you are virtually making it impossible for the practice of religious observance insofar as the dietary laws are concerned in that area.

Unless one is convinced that shackling is always inhumane, and is convinced that the casting pen is always humane, one would have to be very careful having regard to this particular area.

Mr. BROOME: I think in the case of the smaller packing houses where you do not have the most production, that the prime element would be the increase in cost; secondly, there must have been methods which were considered proper in the handling of animals prior to the intervention of travelling floors, electric motors and hoists. As to the final cost of the casting pen, I understand it is not excessive. I believe Mr. Best has certain information in that regard. I believe it is a relatively inexpensive arrangement, and that in fact some types can be secured through a runway.

Mr. HAYES: I hope that our information is wrong, but we were told in the big abattoirs in Toronto, and at one in Vancouver, that they have failed so far to carry through their experiments on it solely because of the cost factor.

Mr. HARRIS: The difficulty is not caused merely by the cost of the pen, while it is a matter which may run in the case of an assembly line to several thousand dollars for one plant. The difficulty is that it would require reconstruction, modification, remodelling and the rebuilding of the killing floor because of the way in which the pens have to be constructed to take the cattle as they come up from the yard to be held before being slaughtered. These are things we can only speak of through hearsay, but we discussed the matter; and quite frankly, it was said in Toronto that one of the larger abattoirs which brought in or acquired two casting pens from England—we were interested about it because we wanted to see them in operation, but we have been waiting ever since for them to be installed. As I understand it, they are sitting in their original crates in the yard because the abattoir which is by no means a small one, I am told, cannot afford the installation.

Now the beauty of the suggestion, if there is beauty in it, that the matter not be done by way of a Criminal Code amendment but by way of the regulations made under the Meat and Canned Foods Act, is that there could be a setup for smaller areas, but it is going to require a great deal of

legislative skill. I know that skill is present, but it is a very difficult matter to treat it equitably across the country, bearing in mind all the factors involved.

Mr. BEST: This matter of the cost of plant installation and the method of handling is certainly an important one. We have to consider it particularly in regard to the smaller operators. But these things can mean various things. There is an installation of new methods in certain plants in the United States which work, and in the long run it may be less expensive. I think that perhaps we cannot hold back too long on legislation simply on the basis that it would cost something for a medium sized or a larger plant. This is a difficult area to treat in.

Another question I would like to ask Mr. Harris is this: do you ever feel that this business of shackling and hoisting cattle, for instance, actually does harm the animal?

Mr. HARRIS: You mean does it harm it in the sense that the animal would not be one used by a consumer on religious grounds? Apparently one would not think so, because in the brief it is a very important point that the shohet cannot be considered as a slaughterer in the ordinary way; he is a religious functionary in the highest sense of the word, a man whose position has been so regarded for centuries. He cannot accept any cattle that have been damaged by a shackling method or any other method. He would have to refuse it, and demand that it go elsewhere. He must refuse it. If he sees any indication or marks which go contrary to the religious law, he would have to refuse that animal.

Mr. BEST: On the basis not of external injury, but let us say there is a thousand pound animal having one leg injured. It might be an injury which would not be observable.

Mr. HARRIS: The shohet is charged with the duty after the animal is slaughtered of examining the carcass to make sure that there have not been internal injuries suffered before; and even if things are discovered after the body is cut up and dismembered, it can still be rejected by him, and as a matter of fact it must be rejected if such things are found. Sometimes you may find an injury in a lung which you could not find from external examination; and sometimes a rabbi will be called in if the shohet is doubtful. He will call upon a rabbi who is skilled in this area, to give the final judgment on it.

There is a possibility that if an animal is injured it will be rejected. In fact it must be. Consequently, in the operation of this method the incidence of injury to the animal must be very small if at all, because probably the animal would be rejected. I am sure that the abattoirs would complain very quickly and bitterly.

Mr. BEST: This may be an injury of a degree; there is an area in there. Perhaps I am pressing the point too far, but I wonder if the tenderness of the meat itself would be affected due to the injury or discomfort? I cannot see how else it would cause anything but intense comfort for a period of half a minute or more. These injuries may be to a degree not readily discernible.

Mr. FLEMING (*Okanagan-Revelstoke*): Can the committee be told what percentage of rejection there is under the present method?

Rabbi ZAMBROWSKY: There are no statistics because it rarely happened. The slaughterer was not of the opinion that the animal was made to suffer in any way from the point of view of injury or undue pain. I would like, if I may, to remind you gentlemen of one general principle, that it should not be necessary for you to be concerned whether we should not go along with any better method, if a better method were to be found. With a belief as old as ours, when for 3,500 years, as early as 3,500 years ago legislation was laid

down, strict legislation, to be carefully cautious and concerned about the welfare of the animal to the same degree as to the welfare of any human being, and in view of the fact that in the course of these centuries a better method has not been found, that if a method should be devised which we would be made to feel is less painful or less unpleasant, we would certainly be the first ones to welcome it.

What we do say is this: that you should not expect us to agree in advance to any type of change which has not been proven, and as a result of which we may find that once legislation is laid down, that the religious practice of the slaughterer, which is a humane practice, may be interfered with.

In fact, at this present moment in the government of our neighbour, the United States, the counterpart of your committee has appointed a commission to study over a two year period methods employed in slaughtering. President Eisenhower has appointed to that committee one of the greatest rabbinical authorities that we have on this continent, or in the world for that matter, just to help them to devise ways and means of making sure that the animal will be protected.

If they should come up, or if any of us could come up with a system which would give the animal more protection, without harming the cause of our ritual way of slaughter which we know is humane, you would have no quarrel with the Jewish community, as they would be the first ones to welcome it. But you must understand our cautious position because of what is involved.

MR. FLEMING (*Okanagan-Revelstoke*): There exists in the public mind a certain reluctance in respect to shackling, as to its being completely humane; therefore if we could establish that as a result of shackling there was very little damage done to the animal or damage to a very small degree, that would tend to exert an opinion that it is not inhumane. But I would like to know whether there is a great deal of objection which could be attributed to the present method of shackling, or whether it is a very small amount.

Mr. HARRIS: We do not have that information. However, if it would assist the committee, we will make an effort to get it for you.

Mr. CRESTOHL: Have you raised in the committee the fact that the shohet himself is a man trained in the internal anatomy of the animal so that after its slaughter occurs, he will make an internal examination of the carcass to make sure there has been no injury.

Rabbi ZAMBROWSKY: Mr. Harris brought it out while you were having a little conference over there, Mr. Crestohl. However, I would like to re-emphasize this: that one of the reasons the shohet or slaughterer is very carefully selected, and why he has to undergo an examination, is primarily to make sure that the animal would not be subject to any pain. If we had the time—and I regret that we did not ask you to decide how much time would be available—but if we had the time I would point out to you the type of examination which the shohet has to take, not only concerning the anatomy of cattle, but also about the use of and the precision of the instrument, and how, if he were to tarry for one moment, the cattle would be regarded as unfit for use by observant Jews if for no other reason than the fact that undue pain had been inflicted upon the animal. So I repeat again that our belief requires extreme caution for the welfare of the animal, that we would welcome improvements, and that we seek improvements.

Mr. HALES: This may be a hypothetical question: but assuming that we have men in Canada who are large enough and strong enough to take care of these cattle, would the committee be agreeable to the use of a casting pen as now used in the United Kingdom?

Mr. HAYES: We have not had a meeting about this, but we could not possibly have objection to a system which does not interfere with the ritual aspect of

it. My concern is that while we would have no objection to it, as I stated before, that leaves the economics of the matter in doubt, and that may be a factor particularly in a small community.

Mr. HALES: Coming back to the small community, I can see your problem.

Mr. HAYES: In the United Kingdom the problem does not exist because over there no community can be too far away from either Manchester or Liverpool or London.

Mr. HALES: I would think that in a small community by putting a halter over the head of the steer and keeping it tight with a head-rest, and without shackling, the shohet could make the final cut of the throat just as if the cattle were hanging by the hind legs.

Mr. HARRIS: In the very small community where it is not the case to have slaughtering done in an abattoir, according to our understanding, and as I mentioned it in the brief, the animal is thrown to the ground and held there by several men. You must keep the legs from thrashing around too, and you must secure the head. Since the animal may not start to kick, they throw it to the ground and it is held there by ropes or something of that nature, and the method is to cause the very least aggravation to the animal. Whether there is more in a suspension process or not, I do not know. But I would guess to hold it down and to get it into position for slaughter would probably take a considerably longer period than the 28 to 40 seconds that it takes to suspend it and bring it before the slaughterer. What we are concerned with in the smaller communities is the type of community where the abattoir has a reasonable or substantial amount of kosher slaughtering to do, probably only on one or two occasions during the week. It would perhaps be difficult to convince an abattoir to instal one or more casting pens to take care of that situation.

Of course, if the regulation was made, the abattoir would either do it or not. But if the abattoir did not do it, then this would make it probably impossible to obtain fresh kosher meat in the area served by that abattoir, because if there is only one way in which the animal could be lawfully killed, it would not be practical.

This is largely in the area of experimentation and test. We do not speak of any country as vast as Canada, and I think it is difficult to make regulations which would apply in the same way across the country. It is quite conceivable that a method could be devised in a place like Montreal or Toronto, or even in Ottawa, for satisfactory killing, and where cost would not be a major factor. But of course I can see that in a place like Lethbridge, Winnipeg, or Regina, there might be different considerations which would be involved.

That is something which should be present in the minds of the committee in their recommendations. I imagine there would be some alternatives, but we always tend to think of it in terms of a large community abattoir as being the one affected by it.

Mr. HENDERSON: I was raised on a ranch with cattle. You can throw them down and tie them with a rope. There is no pain in that way, and you can perform your slaughter right there. The head is held tight, and you must have it so, because if you did not they might stretch out, and they could injure themselves. But I never saw one injured.

Mr. HAYES: When they are thrown in the rodeos, are they injured?

Mr. HENDERSON: On the ranch you do not throw them like they do in the rodeo. In a rodeo they pick a calf and they knock the wind out of it so that the fellow can tie its feet together. I saw a big rodeo last fall when I was in San Francisco, but on the farm they are simply thrown. It is as simple as that, and they are not injured at all.

Mr. BROOME: What was the same of the abattoir in Toronto which had two casting pens but which did not put them into operation?

Mr. HARRIS: I think Dr. Gwatkin mentioned it on Friday. It is Canada Packers.

Mr. COOPER: I too was raised on a farm. I would not call it a pleasure to slaughter, but I found that the shackling of cattle was the most cruel thing I have ever seen. When a 1,000 pound steer comes through the shackle, it rolls along on a rail, and nobody is going to cut that throat in so many seconds. If you happen to have raised that beast from a calf you become attached to it.

I know it bothers me when I take my cattle to the stockyard. I am concerned about their being hoisted up by one leg. I am most certainly against cattle being shackled and being hung up by one leg.

Mr. BEST: I do not want to prolong this, but I have two comments to make on the United States legislation. First of all I do not think that many of us feel that it is necessarily legislation which is an example of what we want to do here. We feel that we want to go further than the American legislation goes.

As Mr. Cooper just said, I can easily believe that shackling and hoisting by one leg could result in a fairly considerable amount of pain and possibly damage as well. I would think that the pain and discomfort of the animal would be a fairly standard thing even if interior damage was not.

I am a farmer as well, and I am aware that these things have to go on, and I too have seen this.

Mr. HARRIS: It may well be that your experience would lead you to that conclusion. I thought that instead of arguing a priori it would be helpful to go to an abattoir to see this process carried out, and even if one should come to the conclusion that it was inhumane, that is one thing. You may conclude that our picture of it is not distorted because of the fact that it merely appears to be cruel. After one has gone to an abattoir, it may be that he will come out with exactly the same impression; nevertheless some of us did not come out with that impression.

Mr. THOMAS: There is quite a difference between hanging up an animal by one leg and by two legs. When you hang them up by one leg, the joint of the muscles must be pulled into an unnatural position. But if you hang them up by two legs there is a balance, and the joints of the muscles would not be distorted to the same extent.

As some of the members who have spoken, I have been a farmer too. I would never hang up a hog, an animal, or even a chicken, by one leg; sometimes by two legs if necessary, but in the case of many animals, especially birds or fowl, that seems to be the most convenient and painless way to handle them, when it is necessary to handle them. I never have hung anything up by one leg.

From my observations I would say that to hang up by one leg under any circumstances is not the most humane way of handling an animal. I know it is much more inconvenient to hang them up by two legs especially in the case of an animal which is struggling around; it would be quite a job to get the second leg into captivity, and it would be much easier to pick them up by one leg. But from the standpoint of painlessness and the good handling of animals, I would suggest that if possible they be handled by two legs rather than by one.

The CHAIRMAN: Are there any further questions?

Mr. MCILRAITH: In connection with the hanging of the animal, it is not necessary that they be hung up by one leg.

Mr. HARRIS: No.

Mr. HAYES: I think the gentleman was correct, but it is just easier to do it that way.

Mr. BEST: Nevertheless that is the practice by which it is usually done.

Mr. HARRIS: If you watch it, you will see that it will be done more often than not with one leg because they can reach that one leg easier; whereas if they have to use two legs, they will perhaps get kicked in the process.

Rabbi ZAMBROWSKY: We know of a case where slaughter is done while the animal is lying down on the floor.

Mr. HALES: I think it is the consensus of opinion that we have to find some other method than shackling to satisfy people in this country about humane methods and in order to overcome that. It looks to me as if the casting pen is necessary.

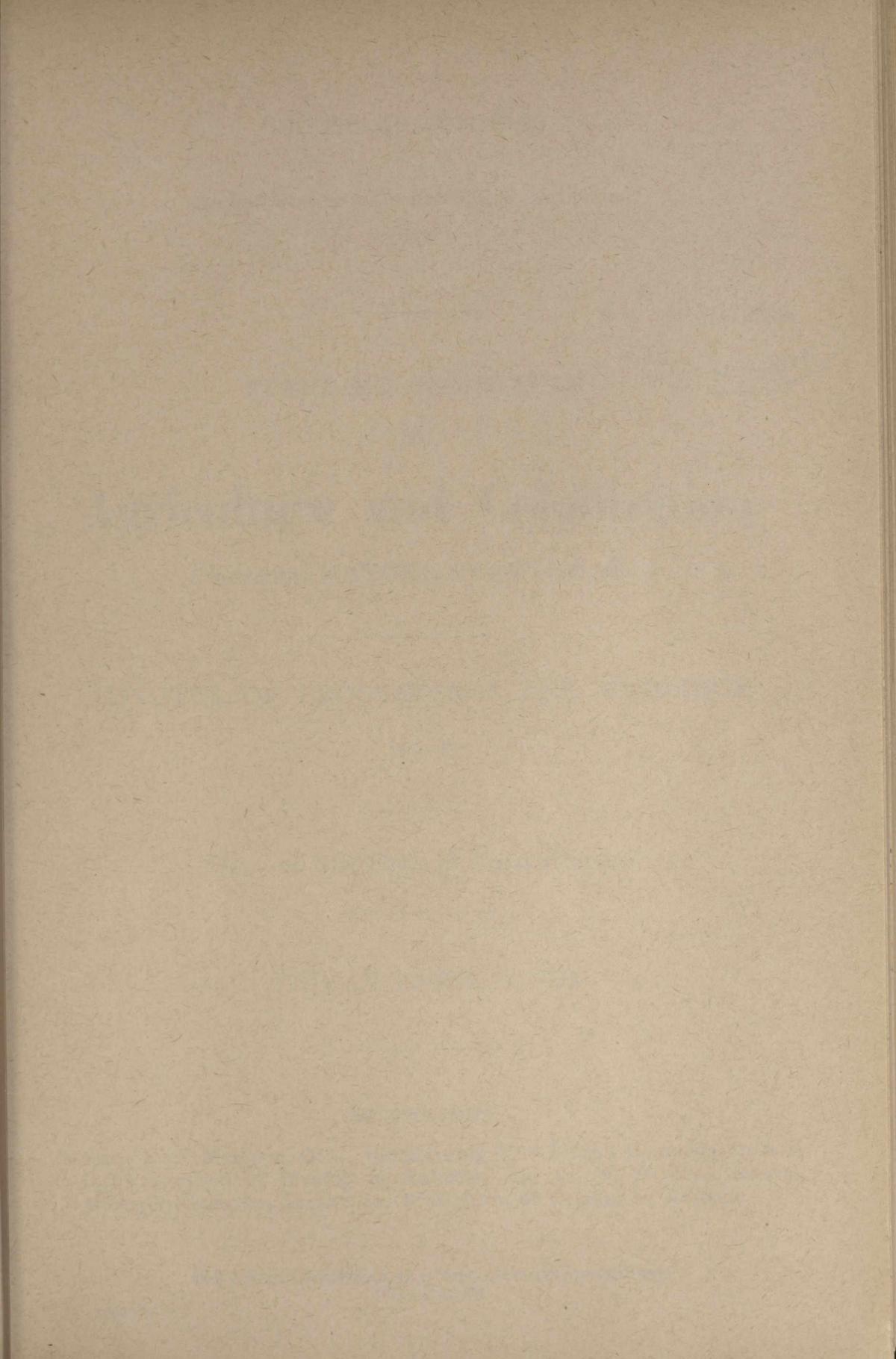
As far as the small communities are concerned, I think there are methods which could be used as mentioned here today.

In intermediate locations where there are packing plants, I do not think a cost of \$1,200 as mentioned here today, would be exorbitant. I think the whole matter could be alleviated there surely by the use of a casting pen. I think it is very worthwhile to have had this committee come before us this morning to put their facts before us, so that we can view them in the broad light which we must, as legislators.

I think we have had a good discussion on the subject.

The CHAIRMAN: Gentlemen, if there are no further questions or comments, I want to extend to the members of the Canadian Jewish Congress who appeared before us today our sincere appreciation and thanks. I speak for the members of this committee who are studying humane slaughtering. We have received voluminous information from you and we thank you very much for your appearance.

The committee adjourned.



HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959



STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Humane Slaughter of Food Animals

FRIDAY, APRIL 17, 1959

WITNESSES:

Messrs. R. C. Merriam, Q. C., representing The British Columbia Society for Prevention of Cruelty to Animals; and W. N. Dunlop, General Manager, Canadian Society for Prevention of Cruelty to Animals.

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

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Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Rompré,
Rowe,
Smith (*Lincoln*),
Southam,
Speakman,
Stanton,
Thomas,
Thompson,
Tucker,
Villeneuve,
Walker.

M. Slack,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, April 17, 1959.

(5)

The Standing Committee on Agriculture and Colonization met at 9.00 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Broome, Cadieu, Charlton, Crestohl, Cooper, Doucett, Fane, Fleming (*Okanagan-Revelstoke*), Gundlock, Hales, Henderson, Horner (*Acadia*), Jorgenson, Kindt, Lahaye, McIlraith, McIntosh, Michaud, Montgomery, Nasserden, Pascoe, Rapp, Regnier, Southam, Speakman, Stanton, Thomas, Tucker, and Villeneuve—(30).

In attendance: Mr. R. C. Merriam, Q.C., representing The British Columbia Society for Prevention of Cruelty to Animals; and Mr. W. N. Dunlop, General Manager, Canadian Society for Prevention of Cruelty to Animals.

The Chairman introduced Messrs. Merriam and Dunlop to the Committee.

Mr. Merriam read a brief prepared by the British Columbia Society for Prevention of Cruelty to Animals entitled, "Brief on the Methods of Slaughtering Animals for Food Consumption in Canada".

Mr. Dunlop then made a short statement and he and Mr. Merriam were questioned.

The questioning completed, the Chairman announced that representatives of the Meat Packers Council of Canada would appear before the Committee on Tuesday, April 21st.

At 10.35 a.m., the Committee adjourned to meet again at 11.00 a.m. Tuesday, April 21st.

M. Slack,
Clerk of the Committee.

EVIDENCE

FRIDAY, April 17, 1959.
9.00 a.m.

The CHAIRMAN: Gentlemen of the committee, I believe we have a quorum. I will ask Mr. Merriam and Mr. Dunlop to take their seats on the platform.

Mr. HALES: Mr. Chairman, before we proceed, may I have a correction made in the last report.

The CHAIRMAN: Yes.

Mr. HALES: At the bottom of page 77, I am reported to have said:

This may be a hypothetical question: but assuming that we have men in Canada who are large enough and strong enough to take care of these cattle...

What I said was "if we have the casting pens in Canada that are large enough and strong enough".

The CHAIRMAN: Gentlemen, we have Mr. Merriam with us this morning. He represents the British Columbia Society for the Prevention of Cruelty to Animals. Mr. Merriam is from Ottawa. We also have Mr. Dunlop, who represents in Montreal the Canadian Society for the Prevention of Cruelty to Animals.

I will now ask Mr. Merriam to present his brief.

Mr. R. C. MERRIAM (*Counsel for British Columbia Society for the Prevention of Cruelty to Animals*): Mr. Chairman and gentlemen: As the chairman has indicated, I have been asked to read to this committee a brief on behalf of the British Columbia Society for the Prevention of Cruelty to Animals. The brief is dated April 1, 1959 and signed by Mr. Tom Hughes, the executive director of the society.

Incidentally, I might say that arrangements have been made to supply each member of the committee with a copy of the brief. I understand that they were mailed yesterday, so you gentlemen should receive them in the mail this morning, or tomorrow at the latest. They have been forwarded for your further consideration, if you so desire.

Mr. CRESTOHL: You have not any spare copies with you this morning that we could follow?

Mr. MERRIAM: I am sorry, I have not. I filed one with the secretary, but that is the extent of the number they sent me.

I will now proceed to read the brief.

The British Columbia Society for the Prevention of Cruelty to Animals is a public society incorporated by a provincial act enacted by the provincial legislature in 1895. The society is empowered to enforce those laws designed to prevent cruelty to dumb animals and to secure prosecution of those persons violating such laws. The society is also empowered to form and operate branch societies in any city, town or municipality in the province of British Columbia. It is also empowered to have its inspectors and agents sworn as special constables for the purposes of the society.

The society has branches in the following towns:

Chilliwack, Duncan, Kamloops, Kelowna, Kitimat, Mission, Nanaimo, New Westminster, Merritt, Penticton, Powell River, Salmon Arm, Prince George, Gibsons, White Rock, Vancouver, Vernon, Victoria and West Vancouver.

The society has 5,150 active members and in addition a large number of affiliated societies and inactive members who furnish a great deal of support. The society has thirty-two uniformed inspectors engaged on a full-time basis.

The society has for the last twelve years been very active in the field of humane slaughter. Since 1946 officers of the society have devoted a large part of their time to the problem of obtaining voluntary reform in the slaughter houses in British Columbia. They have spent many hundreds of hours in slaughter houses demonstrating new methods; inspecting old methods and endeavouring to show the advantages of these new methods to the slaughter house operators. As an example of this, they have for many years supplied captive bolt pistols—and when necessary serviced the pistols—to a number of slaughter houses in Vancouver.

In 1954, officers of this society felt a very definite need for a new association organized on a national basis, which could bring the need for reform in our slaughter houses before the people of Canada. Such an association would have the advantage of not being so restricted to the boundary of this province as is the British Columbia S.P.C.A. These officers, therefore, formed the "Humane Slaughter Association", from which the committee will have received a separate brief. Since its inception the humane slaughter association and the British Columbia S.P.C.A. have worked closely together. The British Columbia S.P.C.A. endorses entirely the brief of the humane slaughter association.

During the past twelve years, we have been successful in persuading certain slaughter houses in British Columbia to change to certain new methods. For example we were able to persuade one slaughter house to adopt the captive bolt pistol and one to shoot the animals. Both these voluntary reforms, of course, applied only to cattle. Generally speaking these reforms did not affect the vast majority of animals slaughtered in British Columbia. In 1956 the society was successful in persuading the provincial government of British Columbia to endorse our recommendations and pass a resolution to the effect that the provincial government of British Columbia were in favour of the federal government introducing by legislation humane slaughter of food animals in Canada.

Our officers have visited a large number of abattoirs in various parts of the world, particularly in Europe, in Canada and in the United States. They have also made themselves familiar with all the literature available on the subject, much of it of a technical character and all of it most exhaustive to the subject. In addition as stated above, the officers spent many hundreds of hours actually in slaughter houses, either studying the methods then being used, or demonstrating new methods, or discussing the problems involved with the management.

Present Methods

Cattle—The animals are brought into a knocking pen either singly or in pairs. The knocker, who is standing on a level above that of the pen, strikes the animal a blow, normally between the eyes, with a hammer, averaging seven pounds in weight. This causes the animal to become unconscious and drop to the ground. In a number of instances, however, particularly where the animal is restless, where the operator is inexperienced or tired, or merely as the result of human error, the knocker fails to render the animal unconscious with his first blow and may have to repeat the hammer blow, twice, three or even four times before finally reducing the animal to a state of unconsciousness. In many instances this repeated hammering creates damage both to the eyes, the brain and the horns. It would not be an exaggeration to say that the animal is literally beaten to the ground. This method is applied to all normal range cattle including young calves. Variations of this method include

shooting with a .22 rifle or in the case of very old bulls a .303 rifle. In some instances, young calves are hoisted by their back legs by means of a steel cable and shackle and there their throats are slit without first rendering them unconscious.

Hogs—The present method in general use throughout the province is for the hog to be driven into a shackling pen. There it is seized by a "shackler" who places on the hind leg of the animal a steel shackle connected to a short length of chain approximately 18 inches in length and at the other end of which, is a steel hook. The animal is then dragged backwards by means of the steel hook to a hoist in one corner of the pen. The hook is attached to an endless belt and the animal is hoisted backwards for a vertical height of between ten and fourteen feet, passing, as he does, through a steel trap door which is hinged in such a way that the animal's weight forces it open. The hog is then traversed horizontally for various distances according to the lay-out of the plant until he comes to the point where the "sticker" is standing. This man then places a knife, point first, into the throat of the animal and bleeds it. Once again human error is possible. In certain cases the animal can be improperly stuck and can for that matter be left hanging on the end of the shackling chain for various periods of time fully conscious prior to sticking. Immediately after being stuck, the animal, who should be by this time unconscious, is dropped into a boiling vat of water as the first stage in the process of de-hairing. The suffering involved in this whole operation has to be seen to be believed. Altogether apart from the noise or terror which surrounds these animals from the moment they enter into the slaughter house, there is the possibility, which has been witnessed by reputable officers of this society of:

(1) animals slipping the shackles and falling various distances to the ground (this incidentally is the reason for the steel trap door mentioned earlier, i.e. to protect the operator in the event of the animal falling out of its shackle onto the operator below);

(2) being flung against various projections caused by bad lay-out of the various plants;

(3) hanging for various periods of time by one leg with steel shackle biting into the leg (while waiting to be stuck);

(4) improper sticking;

(5) occasionally being dropped conscious into the boiling water. It has been known and can be substantiated that animals have been seen to try to swim out of the boiling water tank.

Sheep—These animals are normally handled similarly to the hogs or as an alternative they are put into a pen and stuck without the preliminary of being hoisted. In this case, the operator catches the animal in the comparatively limited space of the pen and pierces the brain of the animal by forcing his knife first into the ear.

Alternative methods available for the humane slaughtering of animals

(a) The captive bolt humane stunner.—This weapon, which for many years has been in wide use in many countries of the world is easily available at a retail price of \$85. It is suitable for use with any animal. The most common form of this weapon is manufactured by Accles and Shelvoke Limited, Birmingham, England. Using a .22 blank cartridge as the power load, a steel bolt, hollow in half its section and an inch and three quarters long, is driven into the brain of the animal. This renders instant unconsciousness, and reduces by its method of handling the element of human error to the minimum. It is impossible to estimate how many millions of animals have been given a humane end by the use of this weapon; but in this society, we ourselves have used or have in use at all times approximately 32 of these guns. We use

them for the merciful and humane slaughter of animals in our day-to-day work. In addition, we have demonstrated these guns to many slaughter houses and with them have humanely stunned thousands of food animals. In our experience, we can state categorically that this weapon is extremely effective and reduces the possibility of human error to the minimum. We have never known of an instance of a worker being injured while using this weapon. This is obviously a big advantage in slaughter houses where frequently large numbers of people are at work on the slaughter floor. At the other end of the scale, there is not a single operator in Canada today who cannot afford to purchase the gun or the shots needed to use it.

Mr. McILRAITH: How do you know?

Mr. MERRIAM: The blanks are graded in such a way that different sizes can be obtained for the different types of animals. Cost of the cartridges is \$2.50 per hundred.

b) Carbon dioxide anaesthetization—in this operation designed for hogs, but which could be adapted for possibly sheep and even young calves, the hog is introduced to a mixture of carbon dioxide and air in such a way that the animal becomes rapidly unconscious. It was first used commercially by the George A. Hormel Company of Auston, Minnesota. Many other plants are now voluntarily accepting this method in the United States. Many are in the process of adopting this method now that certain legislation has become law in that country. The process has been adapted for the small slaughter house by Mr. A. Wernberg of Copenhagen. This apparatus is now available in Canada through Messers. Albright and Neil of Chicago. Various forms or adaptations of the apparatus using carbon dioxide can be obtained for any rate of "throughput" from approximately 50 hogs per hour to 500 hogs per hour. This range of kill will cover the majority of the commercial slaughter houses in Canada today.

c) Stunning by electric shock—This method has been used successfully in Britain for many years now and this society can see no reason why it should not be adopted in Canada with equal success. It would be most suitable for the small commercial operator since it is relatively inexpensive.

d) Free firing rifle—Unless for considerations of safety of the operator there can be no objection to an animal being shot prior to bleeding. This method has been used by a number of slaughter houses for certain animals for some years now without any difficulty whatsoever.

Summary—It appears obvious that no matter what the animal or the size of the operation that one of the methods above can be adapted to any form of slaughter. If the operation is small then the captive bolt pistol in conjunction with some form of holding or restraining device can be used for any animal. Where the operation is slightly larger, then the other more mechanical methods can be adapted to that particular operation. Basically, therefore, the problem is not one of finding a humane method but merely of adapting one or more of the many proven humane methods to the size and scope of the operation. It is, therefore, a problem of engineering. The important point, however, is that no person killing animals in Canada today for human consumption, or for that matter for any other reason, can claim that a humane practical method is not available. There can be no suggestion of any reform ever putting any operator out of business or rendering it necessary for any person to break the law in the process of killing an animal. No person in Canada today can say they can't afford the cost of a rifle; and a bullet is cheap enough by any standards.

The workers' point of view—The man who has the unpleasant job of shackling and sticking hogs, of sticking sheep, or knocking cattle is generally speaking a man who recognizes the unpleasantness and cruelty of his job as well if not better than most. Despite the fact that many of these workers

very naturally become inured and hardened to the noise and other unpleasantnesses of the slaughter floor few of them are satisfied with the methods they use and the majority are in favour of improvement. Perhaps, therefore, it is to be expected that the United Packinghouse Workers of America, Vancouver locals, have on a number of occasions recorded their desire for reform and their support of this society in its campaign to obtain such reforms. Appearing before the special committee on agriculture set up by the provincial government of British Columbia to consider this problem in 1956, their representative, Mr. W. Symington, stated that his Union was emphatically in favour of reform.

Ritual slaughter—This is the name given to the method of slaughtering animals whose meat is to be sold or consumed by those people who practice the religion of Judaism and Mohammedanism. Basically their religion requires that the animal should be fully conscious at the moment of slaughter. Slaughter is normally performed by a Rabbi, who is more commonly called a shohet.

I apologize to anyone if that pronunciation is not correct.

The shohet slaughters the animal by cutting its throat with an extremely sharp knife which could be called a sword. Most opinions are that the actual slitting of the throat by this method renders the animal unconscious relatively painlessly. However, great exception is taken to the manner in which the animal is prepared for this ritual cut. There is no doubt that extreme brutality is involved. Basically the animals are shackled by their hind leg, (much as a hog is in the method described above) and then hoisted fully conscious by its back leg off the ground. The weight of the animal suspended in this way obviously causes pain and suffering. It must be emphasized that the average animal shows every sign of fear from the first moment they enter the slaughter house. There is an alternative method whereby the animal can be placed into position for the ritual cut by using one of the various type of "casting pens". These pens are manufactured in Britain and other countries, and can be obtained for use with any type of animal. Their use obviates the shackling and hoisting referred to above. For the smaller animals an economical device is available and for that matter a number of small animals can be physically handled into position without using any mechanical device. For the large animals, a pen is manufactured by the North British Lifting and Moving Appliance Company Limited, 330 Grand Buildings, Trafalgar Square, London, W.C.2, and the Dyne Engineers Company, 226 Kilburn High Road, London, N.W.6. In British Columbia the slaughter house carrying out ritual slaughter for the kosher trade is certainly capable of acquiring this type of equipment without any financial embarrassment. Generally the kosher trade is centralized in each area.

Poultry—The requirement that poultry must be sold with the head on has resulted in inhumane practices in the slaughter of poultry. At present the fully conscious bird is stuck either through the throat, the open mouth or the eye with a sharp knife. Observation shows that whilst this normally reduces the bird to unconsciousness, in numerous cases it is not so successful. The bird, which in the larger killing plants is suspended by its legs from an overhead travelling belt then passes into a de-feathering machine while still conscious. A humane alternative is available for any type of operation. For the larger operation the electric knife, commonly called the electrolizer, manufactured by Kent Industries, 2244 South Michigan Avenue, Chicago 16, Illinois, is available in Canada today at a price of \$125.00 f.o.b. Chicago. Officers of this society have demonstrated this knife widely within the province of British Columbia. The knife is handled by an operator wearing rubber boots and gloves and carries an automatically limited current through the blade. The knife blade immediately stuns the bird upon contact. The operator

sticks the bird in the usual way and in point of fact the two operations become almost indistinguishable from one another in skilled hands. Where the expense of this type of knife cannot be justified, then the old fashioned practice of cutting off the bird's head is certainly humane or to be greatly preferred to the present method. A third alternative which would be practical for the very small operator would be to strike the bird an extremely sharp blow with a weighted stick on the back of the neck or head in such a way that the bird is stunned.

Research—A vast amount of research has been made into this subject by authorities in all parts of the world. However, for the purposes of a Canadian enquiry perhaps the most important was the investigation of the committee set up by the Canadian Meat Packers' Council and the Ontario S.P.C.A. into the present methods of slaughter. This committee, which received the unofficial support of the Department of Agriculture, engaged Dr. Gwatkin and Dr. Tanner, both veterinarians of wide experience and former federal government veterinarians. The committee carried out an intensive study of the slaughtering of animals in Canada and Europe. This committee published a report which has now become known as the Gwatkin report and which was widely accepted. Certainly it provides a source or basis on which to review this problem.

Summarizing the report it can be said that the committee found that most of the present methods were inhumane and that alternative methods were both available, practical and humane. To be specific, the report recommended "that all animals with the exception of those for ritual slaughter should be rendered unconscious by humane methods before being hoisted or stuck".

Slaughter and the Law

Canada appears to be the only country at the present time in what is commonly called the western world, which has not enacted some form of legislation in the last thirty or forty years. The United States has recently enacted legislation which requires that any meat packer selling his products to any agency of the federal government must render its animals unconscious prior to slaughter. This type of "incentive law" will mean that approximately 90 per cent of the animals in the United States will be slaughtered humanely. It is interesting to note that the federal government of the United States created a Humane Slaughter Advisory Committee. The committee has now, after extensive study, recommended four methods of stunning as humane and as conforming with the Humane Slaughter Act of that country. They are the four methods detailed above; anaesthetization by carbon dioxide, stunning by captive bolt gun, gunshot and electrical stunning.

Reform in Canada

It seems that there is no weight of responsible opinion of any sort that is in opposition to the reform generally, or which opposes the basic fact that an animal should be rendered unconscious prior to hoisting sticking and slaughter. The British Columbia S.P.C.A. strongly recommends therefore, that reform should be introduced immediately by means of federal legislation. We believe that legislation would not only be effective but would be equitable in that it would apply to all people killing and all animals so killed for human consumption. We believe that it would be wrong to attempt to introduce partial legislation or legislation which would only affect a certain section of those concerned in the killing of animals.

To be specific, the society recommends and strongly urges that:

(a) The Criminal Code should be amended on the general lines as envisaged by Bill C 32 which was first introduced into the House of Commons on June 25, 1958. In order to avoid complicating the legislation, ritual slaughter should be considered separately and not necessarily at this time.

(b) The federal government introduce specific regulations under the Meat Inspection Act (Meat and Canned Foods Act) stating specifically the methods which are recognized and approved as humane by the Minister of Agriculture. By this double action (that is by introducing a broad amendment to the Criminal Code and at the same time introducing detailed regulations under the Meat Inspection Act) humane slaughter will be introduced fairly and equitably across Canada. The Meat Inspection Act, since it is enforced by government inspectors, will receive a uniform enforcement throughout the country in those slaughter houses which are subject to the act. By introducing a general clause to the Criminal Code the slaughter of animals not subject to the Meat Inspection Act will be subject to normal law enforcement. However, the enforcement would receive the benefit of uniform interpretation by virtue of the regulations in the Meat Inspection Act.

As far as the province of British Columbia is concerned this society can assure the government that under the powers granted to the society by the act of incorporation that we will have no difficulty in enforcing the law. We feel that the law will also be enforced in the other provinces of Canada by societies organized on a provincial basis similar to the organization of the British Columbia S.P.C.A. Officers of this society have recently returned from a tour of Canada and as a result believe that there will be little danger of lack of enforcement throughout Canada once a suitable law has been enacted. In fact the reform will add to the existing legislation designed to prevent cruelty to animals; the enforcement of which is the basic function and reason for existence of societies such as the British Columbia S.P.C.A. We believe that there is no more problem with this enforcement than in any other section of the law pertaining to animals. We also believe that every person affected by such legislation would be able to comply with the law without his livelihood or freedom being interfered with.

Summary

The basic methods of killing animals at the present time are inhumane and cause unnecessary suffering to many millions of animals. This fact has been accepted by all authorities in the world and has never been seriously challenged. There are available today alternative methods which are both practical and humane. Once again this fact has been proven by impartial research and has never been challenged. Improvements can be brought into being by introducing an amendment of a general nature to the Criminal Code and by specific regulations in the Meat Inspection Act. These requirements can be enforced by the present law enforcement agencies of the country and in particular by those societies such as the British Columbia S.P.C.A.

Finally, therefore, we respectfully urge this committee to recommend without any further delay the introduction of effective legislation as outlined above. To delay this matter any further would be to cause and commit millions of animals to suffer unnecessarily and to die most painful and violent deaths. The society has received an extensive amount of support from the general public of the province of British Columbia and there is no doubt that the general public is emphatically in favour of reform which would do away with the cruelties involved in the slaughtering of food animals, and so bring Canada on a par with other countries of the western world.

I have pleasure in submitting that report to the committee.

The CHAIRMAN: Thank you, Mr. Merriam.

Now, Mr. Dunlop will give us his report or whatever comments he has, and then we will throw the meeting wide open for discussion. Mr. Dunlop?

Mr. W. N. DUNLOP (*General Manager of the Canadian Society for the Prevention of Cruelty to Animals*): Mr. Chairman and gentlemen: I have just had a nice speech all shot to pieces. We go along with most of what the gentleman representing British Columbia has said. I do not want to tire you with a lot of repetition. We go along with that report as representing the Canadian Society for the Prevention of Cruelty to Animals, with our head office in Montreal.

I refer to a brief which was submitted a few weeks ago, of which I believe every member received a copy. I do not want to waste your time. Mr. Taylor, Colonel Reade as executive director of the Toronto Humane Society, and I spent many days and nights right here in the Chateau working on that brief. Rather than go over all that material again, let me say there is not very much more I could say than is contained therein. Other than that, please do not think that we are hostile to the packing people.

I do not know about British Columbia and the west, but I can say that I have visited slaughterhouses over the last 40 years. Believe me, I am a lot older than I look. While conditions are not too good, I do not think we can blame the packers altogether. I will go along with that and say there has not been more improvement because the facilities were not there, and the equipment was not being manufactured.

I made a report ten years ago when my society sent me from coast to coast. I have knocked animals down in slaughterhouses in Chicago, and I have visited other slaughterhouses in the past. I know that in England and other parts of the old country it is impossible, no matter where you go, but only in the last ten years has equipment been available to the packing house people.

Our relations with them have been very pleasant. We have always had cooperation. Now there comes the question of the few who may go along with it and agree with it, when there are many who will not. So, in fairness to the few good ones, we have to have this law passed so that it works for everyone.

I do not know how much further I can go. Mr. Merriam has stolen a lot of my thunder. We believe that this humane slaughter law is a good one. Please, may we have your cooperation so that we can make it easier for those for whom we are speaking today. I think it would be good business and a good law. I do not want to go too far ahead. I could talk myself in and out again. I think the subject has been pretty well covered in the brief, so I shall sit down, subject to cross-examination if you so wish.

Mr. MCILRAITH: The witness has used the expression "in our brief", or some such language. I wonder if he would please identify the brief to which he has referred. Please remember it is a printed record.

Mr. DUNLOP: I did not catch your question, Mr. McIlraith.

Mr. MCILRAITH: The witness has been referring to his brief, or somewhat similar language, but it is quite unidentifiable to us. Would he, for the purposes of the record, please identify the brief to which he has referred?

Mr. DUNLOP: Yes.

Mr. MCILRAITH: And bear in mind that the record is printed. You have not yet identified the brief to which you referred.

Mr. DUNLOP: It is the brief which was submitted in conjunction with the Toronto Humane Society and the Canadian Society for the Prevention of Cruelty to Animals. We thought we would steal a march on this matter and get it in so that everybody would have a chance to read it beforehand. Then I was called.

Mr. MONTGOMERY: You might state when it was dated?

Mr. DUNLOP: It was in the fall. We worked on it in November in order to get it out in nice clean form for presentation here. You would get it about December.

Mr. MCILRAITH: Was it not December 8, 1958?

Mr. DUNLOP: I would go along with that, yes sir.

The CHAIRMAN: Are there any further questions?

Mr. THOMAS: The witness raised the question of poultry, and I would like to follow it up a bit. I know that this matter was discussed when the committee first began its deliberations, and I believe the committee decided to confine its activities to animals as distinct from birds. Are we going to abide by that understanding?

The CHAIRMAN: I believe that it stands for interpretation. Birds are not animals, but they are used as meat to a great extent.

Mr. MONTGOMERY: May I ask Mr. Merriam this question: I take it from his brief that he would not be satisfied. Does he not think that the situation would be covered by a law based on any bill which we can pass, which would come under the inspection of animals act?

Mr. MERRIAM: Mr. Chairman, I think it is fair to say that any improvement is to be most carefully sought after and is highly desirable. We certainly would not object to any advance that might be made, regardless of the manner or form it might take. We submit and suggest that possibly it may be necessary to go further than this bill, and to amend the Criminal Code. I do not want to create any impression or suggestion that we are in opposition to this bill: we are not. We are 100 per cent behind the bill. We are merely suggesting that possibly it may be necessary to go a little further with the Criminal Code.

Mr. CRESTOHL: We were told by a previous witness at a former session that only 80 per cent of all animals slaughtered for human consumption come under federal inspection. In other words, they seem to suggest that in small towns, small centres around farms, where the farmer slaughters for himself or for the immediate surrounding area, they do not have complete inspection, and that somehow or other they do not anticipate that they will be able to inspect in 100 per cent of the animals slaughtered in the whole country. What have you to say about that?

Mr. MERRIAM: I can neither confirm nor deny those figures. Mr. Dunlop may have more accurate information on it than I have. I think probably our brief recognizes that situation. As you will recall, it places some emphasis on the inspection or enforcement agencies within the organization of these various provincial societies for the prevention of cruelty to animals.

As I read the brief, my understanding is that they were probably recognizing that it was a little too much to expect federal inspectors to look at all slaughtering that went on in Canada, and that they must have cooperation from the various provincial organizations, especially for purposes of control, and that such cooperation would unquestionably be forthcoming.

Mr. CRESTOHL: You admit it is obvious that you cannot keep an eye on every farmer?

Mr. MERRIAM: I do not think there is any question about it. I agree with you entirely.

Mr. BROOME: Mr. Merriam is here representing the British Columbia Society for the Prevention of Cruelty to Animals, on behalf of Mr. Hughes who could not be here. Mr. Merriam cannot answer questions on the subject, because he does not know it.

I talked with Mr. Hughes in regard to the subject of Mr. Thomas' question, and he feels it is included in the brief, because they wanted to cover all aspects. I think they were quite aware of the fact that we were considering food animals, except poultry. But they did bring in poultry in order to have a complete brief. Actually there are poultry establishments slaughtering under federal jurisdiction, and they would be fairly large establishments.

If an electric knife costs only \$125, it would not be beyond the financial resources of such establishments.

There is one point of which I was not previously aware, and that is that the society in British Columbia is actually in a position to provide captive bolt pistols to packing houses if they would only use them. Yet, from the evidence in the brief they were not too successful in having packing houses take on the use of the captive bolt pistol.

This just reinforces the opinion I have that the main packing industry will cooperate. But changes come very slowly, even very reasonable changes, and there is an extreme need for regulations which will accelerate those changes. I quite agree with the brief as presented by the British Columbia section of the S.P.C.A.

Mr. CRESTOHL: Would you please inform the committee, Mr. Chairman, whether or not we should address ourselves as well to the question of poultry. I do not recall our terms of reference, but my understanding would be, if I may be permitted to say it, that I am particularly concerned with the slaughter of animals. I think the word "animals", in the larger sense, means all animals. And when we speak of humane slaughter of food animals, I think the law should not be made to cover only one type of animal and to say that only this type of animal shall be slaughtered in a humane way, while another type of animal, such as poultry, need not be slaughtered by humane methods. As I see it there is a wider scope than that to our objective.

Mr. THOMAS: I am inclined to agree with Mr. Crestohl in that regard. I think we are going to have to take a broad view of the interpretation of meat animals. Not only should it include poultry, but I suggest it should also include fish. And while it may raise complications, still I think we should devise some method of covering the whole subject as well as we can.

My thinking so far, after listening to the evidence which has been submitted before this committee by various individuals and societies which have submitted briefs is this: I think we should reach a conclusion that the hanging of animals or birds by one leg should be considered as cruel; and even if we should go beyond that and agree on certain other things, I submit that it is the heart of the problem. I repeat: we should agree that the hanging of animals or birds by one leg is to be considered cruel. Another point might be the length of time that animals are hung. I believe it is general practice in poultry-dressing establishments to hang birds by both legs. It is quite simple; they tie their legs together and they are hung on hooks for the sake of convenience. I think the matter of the length of time they have to hang there before they are killed is also important. The length of time of hanging animals, whether it be by one leg or two, is also a matter of importance; and the manner of hanging and the length of time that animals are hung has appeared in every brief that has been presented to us. I believe we should take the broad view on this.

The CHAIRMAN: Gentlemen, the subject of humane slaughter of food animals was referred to the committee on agriculture. I am inclined to agree with Mr. Thomas, that we must take the broad view.

Mr. HORNER (*Acadia*): I disagree with you.

Mr. BROOME: What do you mean by the "broad view"?

Mr. HORNER (*Acadia*): To me, "animals" means meat animals; chicken and birds are "birds"; fish are "fish". If we take the broad view and go into fish, fowl and everything, we are going to wind up with nothing; the whole thing is going to collapse. What are you going to do with "fish", lobster that have to be dropped into boiling water to kill just to get the right colour to eat?

Mr. Thomas suggested hanging chickens by two legs. I have plucked lots of chickens and I always have to hang them by two legs, and take one leg down in order to pluck it. I do not know whether that would be considered inhumane. But I consider you are going too far afield. You have to stick to meat animals as "animals".

I firmly believe these things should go under the regulations. As was suggested, 80 to 85 per cent of the meat that is eaten is inspected by federal inspectors, and I think that that is perhaps the maximum coverage you would get under the Criminal Code. Under the Criminal Code you would have inspectors. The jurisdiction would be left up to the local town "cop", who is not too skilled in the law and does not have a great knowledge of the terms of the law, and it would be left to his discretion whether John Jones is butchering in a humane way or not.

In my view, regulation under the Department of Agriculture is the proper way, and would still bring about maximum inspection. Certainly we have to narrow the thing down to meat animals, if we want to go ahead with anything at all.

Mr. BROOME: Mr. Chairman, as I said, I had a talk with Mr. Hughes and this question of poultry was brought up at that time. At that time I recommended it be left out of any brief, and Mr. Hughes agreed with me.

I believe that the poultry section in there is only for information, to make a complete brief. When you read the summary of that, it refers only to the slaughter of food animals and their recommendations in regard to it, because they talk about casting pens and captive bolt pistols, CO₂ chambers, and so on. The other part is simply ancillary information put in there for the purpose of giving this committee as complete information as the S.P.C.A. has in its possession. I do not think it is pertinent to the brief. It would have been better if it had been left out, because it confuses the issue, and I do not think we should consider it. It was not within the body of the brief which was summarized in their conclusions and their recommendations.

Mr. SOUTHAM: Mr. Chairman, I would like to go back to the fact that approximately 80 per cent of meat animals are inspected under federal inspection. I happen to have a great deal of experience with regard to the other 20 per cent, or approximately 20 per cent. This is through being in the frozen food business in Saskatchewan for the last 25, or 30 years, and being president of the association.

I find that the methods commonly used in these smaller plants—that is, beef-ring slaughter houses, small plants in country points—by the operator are very humane. This is for the simple reason that they have not a big enough enterprise to go into the bigger knocking pen, and so on, where they suspend animals from shackles. They use either a .22 rifle or, in the case of bulls—as somebody referred to—the .303 rifle. Even for a pig they use a .22 rifle. The result is that the actual slaughtering process is very humane, right from the start.

I agree that the only drawback to that system is that in using a rifle you quite often kill the animal outright, and the tendency would be not to have as good a bleeding. I have been all over Saskatchewan, practically, as president of our association, and I think we should not be too much concerned about

the 20 per cent. We are concerned here with legislation to prevent inhumane slaughter, as far as we can. I do not oppose the legislation; I think it is a good thing.

Mr. CRESTOHL: On a question of order, Mr. Chairman: I think our present discussion should be concerned with questioning the witnesses who are before the committee. I think we should now spend our time eliciting from the witnesses further information which we will be able to use during our discussion, and I think we should examine the witnesses in order to get information which will assist us in our deliberations later.

Bearing that procedure in mind, I should like to ask Mr. Merriam, representing the Society for the Prevention of Cruelty to Animals—that is, all food animals—this question: has your society given any thought or consideration to the pain and suffering of animals that are shot while hunting? I would like to ask further questions after you answer this one regarding what consideration the society has given to that subject.

Mr. MERRIAM: Mr. Chairman, as Mr. Broome so correctly indicated a moment ago—and possibly I should apologize to the committee with regard to this—I am not familiar with all of the activities of the S.P.C.A., either in British Columbia or any part of Canada, other than the general knowledge that any Canadian has of the work which the societies throughout the country are doing. We all feel this is excellent work.

Unfortunately, Mr. Hughes—who is the executive director of the society and is thoroughly familiar with all its activities and implications—was unable to be present and his society, through him, asked me if I would present the brief to the committee. I would like very much to be able to answer that question; but quite frankly, Mr. Crestohl, I just do not know the answer.

Mr. CRESTOHL: Do you not see apparent evidence of cruelty and pain which a hunted animal has suffered, if it was shot and not killed outright? The animal runs all through the woods and probably bleeds to death. Is that not frightful cruelty to food animals?

Mr. MERRIAM: I think unquestionably there is cruelty as a result of human error. Whether that, with great respect, is the same problem that this committee is considering now, I am not sure. As I understand it—and certainly our brief was directed toward this—the question is the commercial slaughter of animals for sale for food. It was not directed against sport.

Some will deny that hunting is sport; but there are a great many men in this country who still consider it as such. My own feeling is that that in any event would be somewhat outside the field of this brief.

Mr. MONTGOMERY: I do not think the federal people have any authority to deal with the slaughter of wild animals, because it is chiefly within the provincial jurisdiction that those things occur.

The CHAIRMAN: I would like you, gentlemen, to direct your questions specifically to the humane slaughter of food animals when you are asking questions of these two gentlemen.

Mr. BROOME: Mr. Dunlop, you are an official of the society, are you not?

Mr. DUNLOP: Yes, sir.

Mr. BROOME: Then you might be able to say something about this. From the S.P.C.A. viewpoint, the national viewpoint, are you able to clarify this question which was raised in regard to fowl? Do you agree with my contention that it was not a recommendation in the brief, but simply information?

Mr. DUNLOP: As far as fowl go, I will admit that we have inspectors who go through the fowl slaughter houses, and they have been very nice to us. They go along with what we do and with the up-to-date machinery that there

is. Every second store you see is a barbecue and, with the number of chickens that are slaughtered throughout the country, they have to do that by machine methods.

Mr. Crestohl mentioned the fowl and the hanging on a hook. But the hanging on a hook is to let them bleed. I believe it is only a minute, and they are knocked out then. Then the chicken goes on to a machine with rubber fingers that does the plucking. We have not had too much trouble with that.

We had an article in "Life" magazine a couple of years ago regarding where they chopped the chicken's head off and it ran around for a couple of minutes without a head. There has always been the controversy, "Is it suffering or not?" We do not know, and we must try and sit in the middle and do the decent thing.

Mr. BROOME: But it is not part of your submission?

Mr. DUNLOP: It is not part of our submission. I cannot vouch for B.C. Mr. Crestohl, while I am up I should like to answer you about that hunting business. That hunting business is also a thorn in our side. We have tried to put down this "bow-and-arrow" stuff, because I have seen myself, in Pennsylvania, deer running in the bush with the arrow hanging in the rump and the whole area around the rump festering from the arrow.

We do not hold with that at all. I am sorry to say, with regard to this hunting business, that you cannot talk to that type of person. They are killing themselves everyday. But there are a lot of people who go into the woods. A man sees a deer at 4,000 yards, and he thinks he is a marksman and can kill it. We do not know who he is, and later on—it may take months—we find a deer that has been shot by someone and has got away. Sometimes we meet crippled animals right at the river, here. We often go into the woods and see crippled animals long after they have been shot by hunters, and we find that they have a previous wound from some inefficient hunter.

We cannot do much about it because we do not know who he is, and one must have evidence to get a conviction in the courts. It is a very hard thing and we are working uphill all the way, but we are trying, sir.

The CHAIRMAN: Are there any further questions, gentlemen?

Mr. CRESTOHL: Mr. Chairman, I have another question of Mr. Merriam. When you were making your recommendations as to the type of legislation that should be introduced, you mentioned that the question of ritual slaughter should not be dealt with at the present time. What did you mean by that?

Mr. MERRIAM: I do not think we went quite that far, did we? We said "not necessarily at the present time". Our recommendation, I think, was simply that ritual slaughter might have to be considered in a separate category, either immediately, or, if the committee and parliament would prefer, at a later time. But it was a separate problem in itself, that one had to recognize and treat as a separate problem.

Mr. CRESTOHL: Have you ever seen poultry slaughtered in the ritual way?

Mr. MERRIAM: No, sir, I have not.

Mr. CRESTOHL: Have you, Mr. Dunlop?

Mr. DUNLOP: Yes, sir.

Mr. CRESTOHL: Would you describe it if you can? I will try to help you.

Mr. DUNLOP: Yes. Well, let me bring in the whole touchy point of ritual slaughter.

Mr. CRESTOHL: Let us for the moment deal with the question.

Mr. DUNLOP: About chickens?

Mr. CRESTOHL: Yes; and then we will see about going into it further.

Mr. DUNLOP: Yes. In regard to the slaughtering of chickens, there is this place, and the shohet—and I can never pronounce the name—stands on the end. The chickens are brought to him and he works his thumb, and open goes the mouth of the chicken. The instrument he uses is something like a pencil. So when he opens the mouth, the chicken goes ugh-ugh-ugh and it is all over. I believe it is all over. Then they twist the legs and put them on the hook, and they bleed right there. But I would say, without going into detail, it is humane.

The Jewish ritual is humane. There is no argument about that, and if there is I do not believe it. I have been all through the states, and coast to coast in this country, as well as the southern countries below; and this argument always comes up. With all due respect to you, Mr. Crestohl, when the average Jew gets into an argument he has two strikes against him before he starts, because everyone is going to watch him. In my experience there is nothing I can find in this ritual slaying that is not humane. Believe me, the Jews do a nicer job with the slicing than we do; and I admit it.

If I may go from the subject of slaughter to pre-slaughter, I might say that I am disturbed in regard to the unnecessary cruelty to animals before they bring them to the ritual slayer. The ritual slayer does a fine job. I know these chaps personally; I have walked into the place of slaughter on several occasions and have witnessed the slayings. But what I am concerned about is the handling, and not the Jewish method of slaughter at all. I believe it is the way the animals are brought in that is of concern. They are driven in and hung up. They are strung up to the roof on a carrier and enter the production line. Two other fellows come along, grab the head and turn it over. The ritual slayer appears with his knife—and it is clean—and “zip”, it is all over. It is a gory business, but it is clean. If you would study their method, you would find that it is clean and good. The only thing I can touch on in your ritual slaughtering is that the animal must be conscious. If we stun him, the Jewish chap does not want to kill it.

All right then; why do we not use this Dyne crate, which we call a rack, drive the animal into that and turn it over? The Jewish chap does not care how you bring it to the place of slaughter; you can bring it in in a baby carriage, if you like—he does not care. But he has to do his job properly. But most of our cruelty to animals is inflicted apart from the actual killing. That is my own personal opinion. Too often we are prone to go in and say “Kosher method”. There is nothing wrong with it at all. In fact, this method of slaughter is called for in the Jewish method. I am in touch with the Jewish congress; a number of those chaps are friends of mine. There is no secret about their methods. I think it is a very clean way. But the point in question is the unnecessary cruelty in the presentation of the animal before they deliver it to the killer; and that is the governing factor in connection with the humane slaughtering of animals. It is part and parcel of the whole, because until it comes through the door you do not know what is happening.

Mr. THOMAS: Could I ask the witness if the Canadian Society for the Prevention of Cruelty to Animals are satisfied that the handling of animals up to the point when they are hoisted is satisfactory to them?

Mr. DUNLOP: No, sir. That can be important.

Mr. THOMAS: Would the witness tell us where this cruelty takes place?

Mr. DUNLOP: First, they drive them in. Do not forget, the animals do not cooperate; then they come into this box, which is about the size of this table. If it is for Gentile killing, although very little of it is, they hit him on the head and he goes down. But in the Jewish killing, they do not. They have a slide door inside the box. The door goes up but is left open about

eight inches. There is another chap inside who takes advantage of that eight inches to put a chain around the hoof of the animal. It is a slip chain, about so long. That is later taken off. The derrick comes along that goes on to the rail or conveyor. The animal is secured tightly by hooking it on there. He pulls this cord, and with correct timing, up goes the animal. It is hoisted. The animal is pulled right off its feet. It goes up in the air, secured by one leg, and is pushed along on to the rail. There is no death knock there at all. The animal is hanging by one leg, and many times animals are split wide open before they are killed. If this is so, the Jewish chap will not kill them. He will not touch any animal that is bruised. But, gentlemen, the cruelty is in hanging that animal up. I do not think it is the Jewish request that it be done that way; I think it is just that the packing houses handle them that way. They could be brought in flat on their backs in these pens: he does not care how they are presented. But the throat must be clear, and the animal clean and conscious. Then he makes the slit.

Mr. THOMAS: So far as you are concerned, Mr. Dunlop, is it the fact that the animal is hung by the hind leg which constitutes the greatest degree of cruelty?

Mr. DUNLOP: I would say yes, it is a lot of it. It is the handling of the animals, and not the actual stroke at all. It is the way the production line is made up.

Mr. THOMAS: It is the hanging up by one leg which you are concerned about?

Mr. DUNLOP: Yes, that is bad business. I am talking about the beef.

Mr. THOMAS: What would you have to say in regard to hanging by two legs?

Mr. DUNLOP: I do not know how you would do it. I suppose they could hang them by two legs, but difficulties may arise in pulling them out of the box.

Mr. THOMAS: I agree with you that it cannot be done; that is the point. Is the weakness in our methods this business of hanging by one leg?

Mr. DUNLOP: That is one of the greatest weaknesses. Many times I have seen animals with a leg broken or pulled out of joint right at the time just before they are slaughtered.

Mr. THOMAS: Would it be your opinion, Mr. Dunlop, that if the method of hanging by one leg could be eliminated, the greatest item in regard to the cruelty to animals would be dispensed with?

Mr. DUNLOP: Yes, I would go along with that.

Mr. CRESTOHL: Mr. Dunlop, would you be speaking now from any scientific knowledge which you have, say as a veterinarian might have, or from visual knowledge?

Mr. DUNLOP: Well, let us say visual only. Many years ago I went to the Royal Veterinary College in London, England. I went to the war and never went back. However, I have a little bit of knowledge by making visits to these slaughter houses over a period of forty years. I can name them right back. I have witnessed slaughter house operations in Birmingham, England, and also in the west. I agree with you we did not have any other method. However, I believe in the last ten or twelve years equipment has been made to offset that. We have corrected our thinking on the subject but have not changed the meat packing industry.

Mr. CRESTOHL: We are not referring only to the ritual way of slaughter; we are referring to the customary way of slaughter of food animals, whether it be beef, pigs or any other food animal which is strung up by one leg.

Mr. DUNLOP: Yes, but I must clarify this. We are in the process of changing right now. It is being changed gradually; but hogs have to come up over the drum and along this conveyor rail.

Mr. CRESTOHL: All before sticking?

Mr. DUNLOP: Yes; and many times it has happened that the hog has split. There is a lot of confusion there, because if you touch a hog he will squeal. The peculiar thing about a hog is that he always wants to be on top. The fellow on the bottom takes it; then he starts to howl and he goes on top.

Mr. CRESTOHL: That is usually the habit in connection with hogs.

Mr. DUNLOP: They say they are kicking the daylight out of them. But there is no one there at all; they do that themselves. But in connection with this drum method of approaching the production line, as my friend has said, they put them on there and they have not been stunned. I am referring to the ones that go up and along. They have to wait their turn while hanging by one leg.

Mr. CRESTOHL: Your complaint of hanging by one leg refers to all food animals?

Mr. DUNLOP: No, hogs and in some cases calves, but not always.

Mr. CRESTOHL: The larger size animals?

Mr. DUNLOP: Yes, even veal in many cases and right through where we have heifers, steers or bulls.

Mr. CRESTOHL: And hogs?

Mr. DUNLOP: Yes. We do not hang sheep too often. However, they hang them sometimes when they get busy.

Mr. CRESTOHL: You would like to see the hanging by one leg completely annihilated where it is taking place now?

Mr. DUNLOP: Yes.

Mr. HALES: Have you seen the casting pen in operation for the ritual slaughtering of animals?

Mr. DUNLOP: I do not want to make a long statement, but the answer is yes.

Mr. HALES: Whereabouts?

Mr. DUNLOP: In Toronto. It was operated here about four or five years ago. It was demonstrated; but I can tell you it was not a good demonstration. It was not very good. They had a chap out here who was fine. I must watch myself here. The people who came with him.

Mr. CRESTOHL: Do not worry about watching yourself. Just give us the facts.

Mr. DUNLOP: In the first place the governor, as he was called, came out with the pen and the packing house people said, "Give us a demonstration; put it on that door in the corner." He said, "We cannot do that because this pen ejects on both sides." They said, "What is the difference, whether you have one with two sides, three sides, or four sides; it does not matter which side you eject on." He couldn't see it; but the pen was installed there. Then—I should not mention the word, "politics".

Mr. CRESTOHL: It is an awful word around here!

Mr. DUNLOP: To tell you how good it was, he went to the foreman in the killing room and said, "You know, that is a good thing. You know you could do away with four or five men in here." He did not know he was speaking to the head man of the union. The tip was passed. If you know Toronto—I

know; I was there—you know the time they shot that bull in Scarlet Road? I was away out on St. Clair when the boys gave him the works. Anyway this demonstration was terrible. There was a bit of feeling on this.

There was a lady there the morning of the demonstration. The boss came walking in and said, "Who's the lady?" He went over to her and said, "Who is it?" He was told she was from the humane slaughtering society. Someone said, "When are you going to start this?" He said, "When she gets out." Then she had to go and sit in the office downstairs. That was the first thing he said. Then he said, "We'll have none of this nonsense; let's get on with the demonstration." The boys started to work—and a wink was as good as a nod.

This little fellow was a good workman, but he got no co-operation at all. That boy did work. He went ahead with about three or four animals and said, "I can't get going; I don't know what's wrong." It ended up with the police chasing the bulls out on Scarlet Road. You could see the writing on the wall. The fellow came in at the start on the wrong foot.

Mr. CRESTOHL: What do you mean by the remark, "You could see the writing on the wall"?

Mr. DUNLOP: A wink is as good as a nod; you knew what was coming. I have been in there and I have seen these boys when they are going to discuss something. The word was passed.

In our business we often have that when we have to deliver a bullet of mercy to destroy an animal who may be a very sick animal.

Mr. THOMAS: In respect of this hanging by one leg, which was presented in the brief of the British Columbia society for the prevention of cruelty to animals, would Mr. Merriam say whether or not he thinks the greatest source of suffering to the animal would be eliminated with the elimination of the hanging by one leg?

Mr. MERRIAM: I personally have no knowledge of this. Certainly that was one of the major points made in the British Columbia society's brief. Mr. Dunlop, who has had years of experience and who is an officer of the Canadian society, has expressed his opinion and I would think our society would agree with him 100 per cent.

Mr. HALES: I think it boils down to this, that we are not in favour of shackling when an animal is alive. That is cruel and inhumane and I do not think there is any question about that. If the animal is rendered unconscious first and then shackled, that is humane, but we run into a problem in the ritual killing. So in order to overcome it we could use the casting pen and get away from the shackling in the ritual killing.

Then we come down to the one problem that if it is set up in the legislation that the animal must first be rendered unconscious, then we have the difficulty in respect of the ritual killing.

Mr. DUNLOP: Yes.

Mr. HALES: How do we get around that?

Mr. DUNLOP: I think the Jewish people would accept the casting pen. They have not thrown that out. They say, "Bring the animal to us conscious, uninjured and in good health."

Mr. HALES: Then we cannot really legislate stating that the animal must be rendered unconscious before slaughter.

Mr. DUNLOP: Not unless you are going to run up against the Jewish method.

Mr. BROOME: I think Mr. Hales has explained this in a nutshell. But we are not writing regulations. Regulations can specify methods. Within the framework of the regulations you could cover everything you have said.

Mr. HALES: We are pretty well along the way.

Mr. CRESTOHL: Do you mean to say you have a regulation that all animals must be unconscious?

Mr. BROOME: No.

Mr. HALES: That is what we have to get around.

Mr. BROOME: A regulation could say an animal cannot be shackled and hung before slaughter unless unconscious. That does not limit any method of preparation of an animal for ritual slaying, except that one method of shackling in bringing him in.

Mr. HALES: If our witnesses do not have any other information which can help us, it looks as though we are getting along pretty well on this point.

This point about the 20 per cent, which our friend Mr. Southam mentioned, I think was a good point. There is nothing to worry about, nor is there any concern about that 20 per cent of the killing done outside the inspected plants. I have had some experience with that killing and generally speaking it is on a very humane basis.

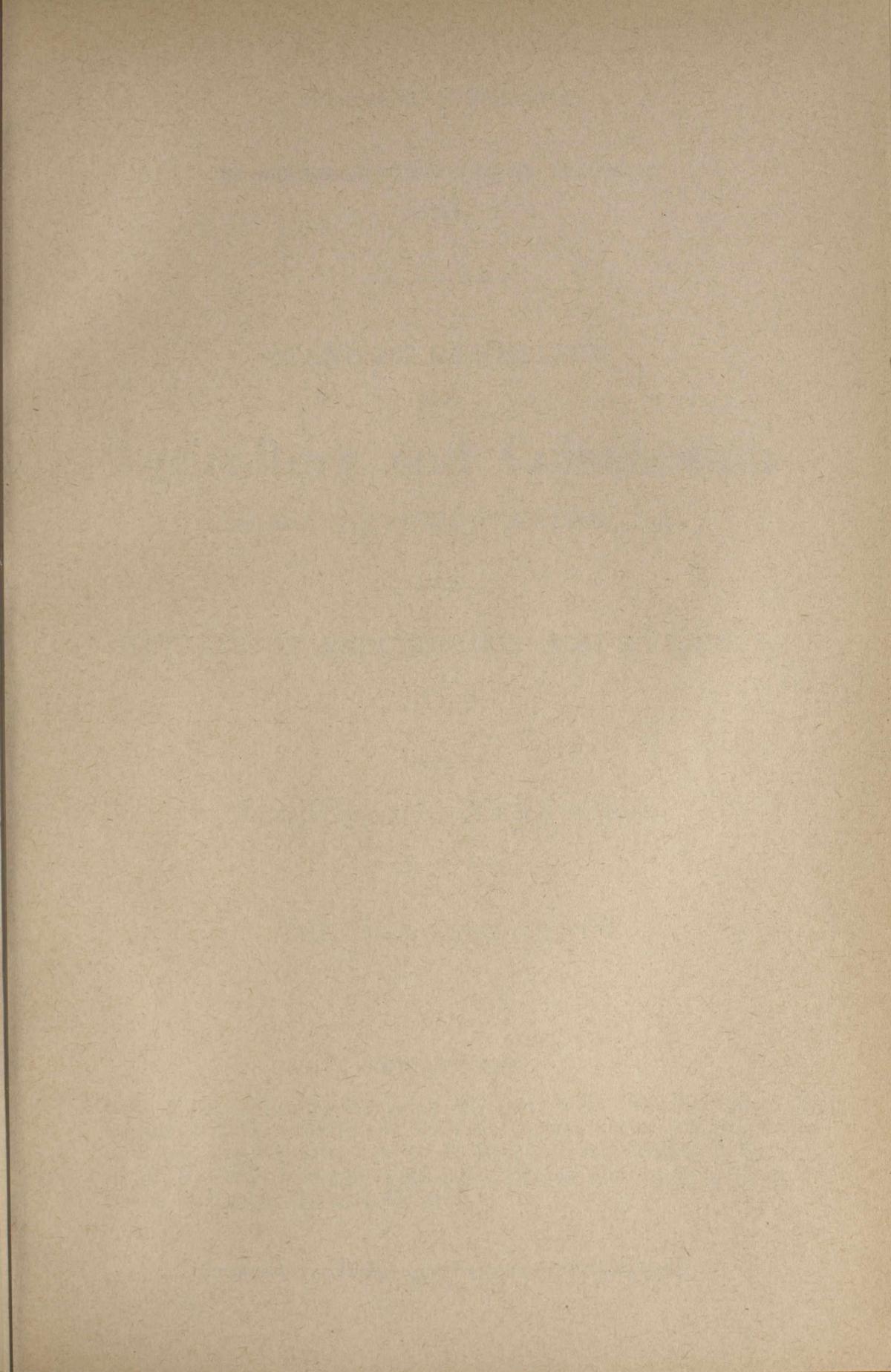
The CHAIRMAN: If there are no further questions we will adjourn.

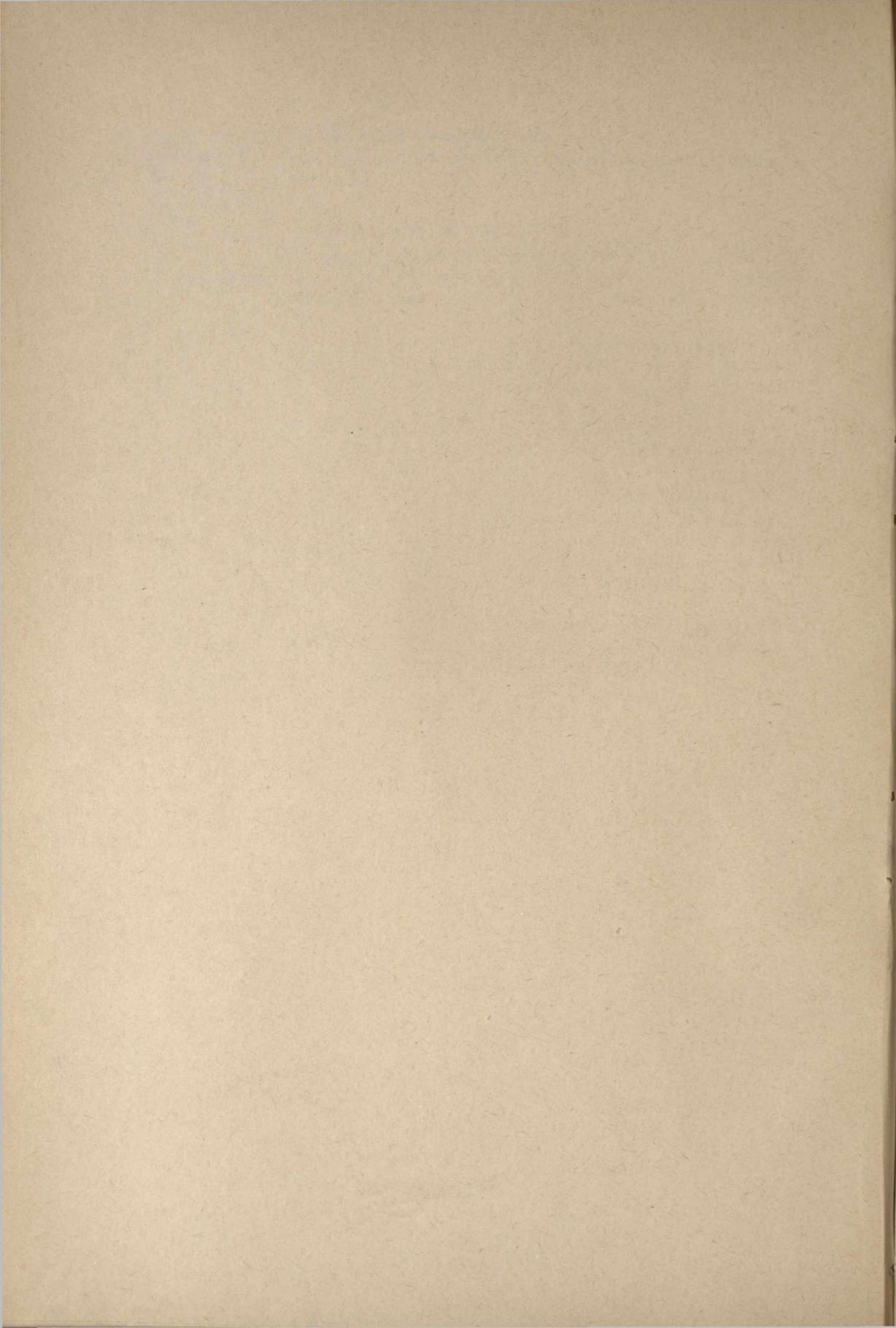
Gentlemen, next Tuesday, April 21, we will not be meeting in this room. You will receive a notice advising you as to which room we will be meeting in. At that time we will have before us the meat packers council of Canada, headed by Mr. E. S. Manning, the managing director, who will be here as a witness with his group.

On the same date we are trying to arrange for some other organizations to be present in order to get this committee over with as soon as possible.

If there are no further questions, we will now adjourn.

—The committee adjourned.





HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Humane Slaughter of Food Animals

TUESDAY, APRIL 21, 1959

WITNESSES:

Messrs. E. S. Manning, Managing Director, Meat Packers Council of Canada; R. C. Friend, General Manager, Ontario Society for Prevention of Cruelty to Animals; Col. E. G. Reade, Toronto Humane Society; Dr. G. F. Clark, Manager of Research, Canada Packers Ltd., Toronto; and E. L. Taylor, Oakville, Ontario.



STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

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

and Messrs.

Argue,	Hales,	Noble,
Barrington,	Hardie,	O'Leary,
Best,	Henderson,	Pascoe,
Boivin,	Horner (<i>Acadia</i>),	Peters,
Boulanger,	Howe,	Phillips,
Broome,	Jorgenson,	Racine,
Brunsdon,	Kindt,	Rapp,
Cadieu,	Kucherepa,	Régnier,
Casselman (Mrs.),	Lahaye,	Rompré,
Charlton,	Latour,	Rowe,
Cooper,	Leduc,	Smith (<i>Lincoln</i>),
Crestohl,	Létourneau,	Southam,
Dorion,	McBain,	Speakman,
Doucett,	McIlraith,	Stanton,
Dupuis,	McIntosh,	Thomas,
Fane,	McLean (<i>Winnipeg North</i>	Thompson,
Fleming (<i>Okanagan-</i>	Centre),	Tucker,
Revelstoke),	McMillan,	Villeneuve,
Forbes,	Michaud,	Walker.
Godin,	Montgomery,	
Gundlock,	Nasserden,	

M. Slack,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 21, 1959.

(6)

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Broome, Cadieu, Charlton, Crestohl, Cooper, Doucett, Fane, Fleming (*Okanagan-Revelstoke*), Gundlock, Hales, Horner (*Acadia*), Howe, Jorgenson, Kindt, Kucherepa, Lahaye, McBain, McIntosh, McMillan, Montgomery, Nasserden, Noble, O'Leary, Pascoe, Phillips, Rapp, Regnier, Southam, Speakman, Stanton, Thompson, Tucker, and Walker—(34).

In attendance: Messrs. E. S. Manning, Managing Director, Meat Packers Council of Canada; Stewart Wylie, Superintendent, Swift Canadian Co. Ltd.; Dr. G. F. Clark, Manager of Research, Canada Packers Ltd.; R. C. Friend, General Manager, and E. M. Saunders, Humane Slaughter Representative, both of Ontario Society for Prevention of Cruelty to Animals; Col. E. G. Reade, Toronto Humane Society, and E. L. Taylor, Oakville, Ontario.

The Chairman called Mr. Manning who introduced Messrs. Wylie and Clark of his delegation to the Committee.

Copies of a submission entitled "Improved Methods of Slaughter" prepared by The Meat Packers Council of Canada were distributed to members of the Committee.

Mr. Manning read the brief referred to above.

Mr. Friend then delivered a statement dealing with humane slaughter of animals.

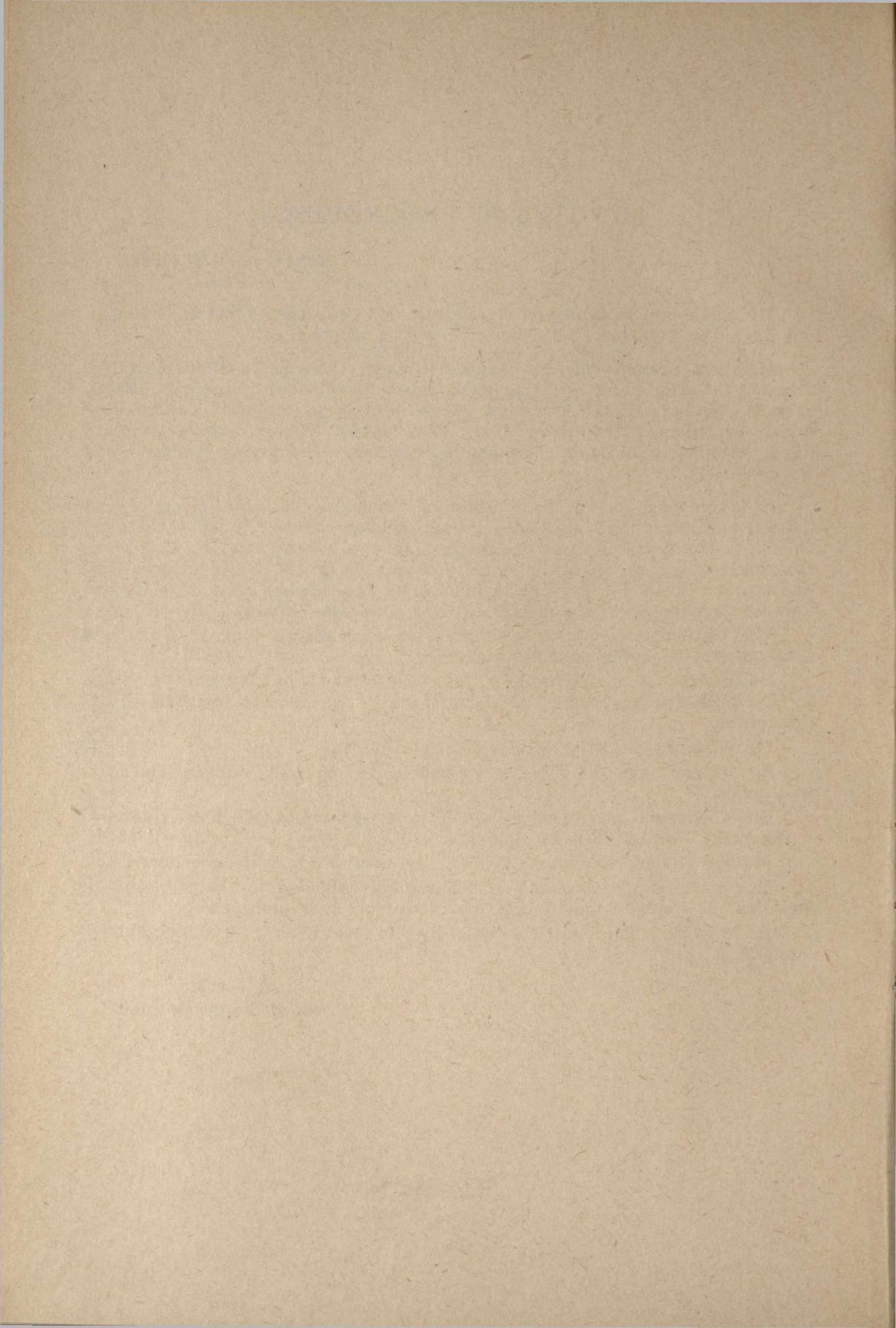
The Chairman introduced Colonel Reade who called Mr. Taylor to read a statement entitled "Kosher Slaughter".

Messrs. Taylor, Manning, Clark, Friend and Reade were questioned.

The questioning completed, the Chairman extended to the witnesses of this day the appreciation of the Committee for their assistance.

At 12.45 p.m., the Committee adjourned to meet again at 9.00 a.m. Friday, April 24th.

M. Slack,
Clerk of the Committee.



EVIDENCE

TUESDAY, April 21, 1959.
11:00 a.m.

The CHAIRMAN: Ladies and gentlemen, please come to order. I believe we now have a quorum and can proceed.

We are very fortunate today to have with us representatives from the Meat Packers Council of Canada under the leadership of Mr. Manning, the managing director, and also the Toronto Humane Society under the leadership of Col. Reade, who is not yet here but will arrive in a few minutes; also, the general manager of the Ontario S.P.C.A., Mr. Robert C. Friend.

I ask the representatives of the Meat Packers Council and the humane societies to please come forward. I believe each association is prepared to present its brief to the committee today.

I shall first call on Mr. Manning and then Col. Reade to present their briefs, after which we will throw the meeting open for questioning.

Mr. Manning?

Mr. E. S. MANNING (*Managing Director of the Meat Packers Council of Canada*): Mr. Chairman and gentlemen: my name is Earle Manning and I am managing director of the Meat Packers Council of Canada. We have copies of our brief with us which should be distributed.

I have with me today two men who are members of the joint committee on improved slaughtering methods, and who are persons qualified to talk about packing house operations.

Mr. Stewart Wylie is superintendent of Swift Canadian Company Limited. He has had 47 years' experience in packing house inspection. Dr. G. F. Clark, manager of research for Canada Packers Limited is a graduate in physics from the University of Toronto, and he has been with his firm for 22 years in engineering and research work.

We prepared this brief with the idea that it would be the best way to say what we had to say in as brief a time as possible. Therefore, I propose to read it to you. I understand that following the reading there are questions to be asked, during the course of the meeting this morning.

The Meat Packers Council of Canada welcomes the opportunity to appear before the Agricultural Committee of the House of Commons, on behalf of its member plants, in connection with the inquiry on humane killing of food animals.

The council is a national organization of the meat industry. It was founded in 1919. Membership includes some forty plants which slaughter livestock under the Federal Meat Inspection Act and its regulations. (See appendix—Exhibit A). These plants are located in eight provinces and they handle approximately 75 per cent of cattle, calves, hogs, sheep and lambs, which are killed under inspection.

From its inception, the council has been associated with the development and improvement of the livestock and meat industry. Its function has been to co-ordinate the efforts and the interests of not only the packing industry but all the other associated bodies through cooperation and support of all worthwhile industry projects.

Over the years the council has actively participated in the whole field of livestock handling and transportation, right from the farm or feed lot and into the packing plant. A great deal of excellent work has been done in this area of endeavour through educational and promotional programs as well as the individual enthusiasm of a great many people. These accomplishments have been possible through the mutual interest and the joint effort of all bodies with a very minimum of compulsion or law enforcement.

The care and handling of the animals which provide the materials processed in the plants, has been, and will always be, a major concern to the packing industry.

Because of the very nature of the business in a country where livestock production covers an expansive territory, there are a number of contributing factors which do not make for a simple solution to the problem. There is a relatively wide variety of livestock, in various sizes and different weights, raised under different conditions and surroundings, transported in a number of ways and at varying distances which must be handled by packing plants. Over the years the packers have introduced many progressive changes in the way animals have been handled after arrival at the plants and up to the point of final dispatch. It has been good business to do so. But, in addition, the men who have operated the plants have been striving conscientiously to find methods and adopt practices which would result in overcoming anything which might cause unnecessary suffering to animals.

In the course of progress, many ideas have been tried and discarded. Because Canadian operations are similar to those of the United States, experimental work conducted in that country has been watched. Equipment and ideas from there and other countries, which offered promise, were obtained by individual operators in Canada and tried out. These often proved to be impractical and more harmful than effective.

After considerable experimentation based on advanced scientific knowledge and engineering developments, objectionable features, in certain instances to methods tried 25 or 30 years ago, have been either resolved or a solution appears possible.

In brief, a study of all the facts regarding the developments which have taken place, definitely shows that adoption of improved equipment and practices have kept pace with proven results. Such progress can be attributed to the constant and persistent attempt to find the ways and means of resolving the situation.

While research, both in the field of science and engineering, has played a major role, the contribution from many other sources and by interested bodies is fully recognized and appreciated. Work that was in progress was delayed because of wartime activities. At the same time certain developments during the wartime period were helpful.

To approach the problem on a broader basis in a more concerted manner, the packing industry, early in 1957, through the council and in cooperation with the Ontario society for the prevention of cruelty to animals, established a joint committee on improved methods of slaughter.

The committee was comprised of representatives of these two organizations, plus one from the domestic packers association. In addition the Canada Department of Agriculture was approached and the services of a highly qualified scientist were made available to the committee.

The terms of reference drafted were as follows:

- (a) To evaluate existing slaughtering methods and establish the improvements required to make them acceptable.

- (b) To evaluate the various (suggested) improved methods already available and establish:
1. Whether they are acceptable.
 2. Whether they can be practically incorporated into present packing house operations.
- (c) In those areas where existing or suggested improved methods are not entirely acceptable and practical, to undertake studies and research to devise methods which are.

The services of Dr. R. Gwatkin, D.V.M., D.V.Sc., former head of the pathological research laboratory at Hull, were provided by the department.

I believe Dr. Gwatkin has appeared before this committee and made representations, explained the work that he did, and exhibited some of the equipment. We were very fortunate to have in the person of Dr. Gwatkin a man to head up this research, because in the first instance there is no one in Canada as well qualified as he to do the job and secondly, I do not think anyone could have gone at it in a more direct and unbiased manner than he did.

In addition, on recommendation of the department, the council hired Dr. A. C. Tanner, D.V.M., who was former chief plant inspector, to assist Dr. Gwatkin.

To further assist Dr. Gwatkin, an advisory committee, under the sponsorship of the National Research Council was set up. The eleven-member committee is comprised of representatives from the department of medicine, University of Toronto; departments of physiology and psychology, McGill University; the Ontario Veterinary College; Canada Department of Agriculture and the National Research Council.

The joint committee on improved methods of slaughter, from the time of its formation, endorsed the principle of humane slaughter, "That no animal being slaughtered for food purposes—except those in ritual slaughter—should be shackled, hoisted, cut, bled or scalded without having first been rendered unconscious and insensible in a humane manner."

With regard to ritual slaughter, the committee likewise agreed an animal, preparatory to the "Schechita" cut, should not be shackled, hoisted and hung.

With this as its avowed goal, the committee realized it was necessary that proposed standards, to be acceptable, should be suitable for the slaughter of each of the species of livestock and capable of meeting the requirements of different plants based on the volume handled by each. (See appendix—Exhibits B and C)

You will find exhibits B and C at the back of the brief. In the case of exhibit B you are given the size and number of inspected establishments according to their average weekly slaughter by species, in 1957. These are the average weekly. There would be weeks when they would be above or below these figures.

Exhibit C shows figures which are not quite on the same basis. These are obtained from the dominion bureau of statistics and are the basis of the compilation of the census of industry showing the number of plants—the total of inspected and of non-inspected plants—reporting under that provision.

You will see from them that there are some 40-odd non inspected plants.

It is not the intention, nor is it necessary, to review all aspects of the work completed by Dr. Gwatkin on behalf of the committee. Members of this committee have been provided copies of the reports.

However, we would like to draw attention to certain pertinent aspects of this very comprehensive study and the recommendations which have been made.

We will deal with these by species.

Cattle

The recommendation that cattle should be rendered unconscious by a mechanical instrument is presently a general practice by inspected packing establishments and, without exception, in member plants of the council.

To a large extent this was true at the time the survey was made in 1957 as a result of the packers' efforts to develop improved methods. It is also an indication of the desire and intent of operators to employ improved methods once they are perfected and available.

There are at least four types of instruments presently on the market which have proven satisfactory and provide a selection for operators based on suitability to their requirements.

Calves

Calves killed in member plants are rendered unconscious before dispatch. The practice of stunning largely resulted from the work of the committee and the development of suitable equipment.

The rendering of cattle or calves unconscious by acceptable humane methods is possible for any size of operation. The cost of equipment and its use is relative to the volume handled and there is no problem in procurement.

Hogs

The problem of handling hogs has presented more difficulties than cattle and calves. Because of the nature of the animal and the large numbers slaughtered in a plant, the approach necessarily had to be different.

Progress has been made here as with cattle and calves because of persistent research by the packing industry in all major hog producing countries of the world.

There are four methods for rendering pigs unconscious that are acceptable as humane. These are not necessarily in order of preference or anything like that.

- (1) The use of carbon dioxide for anaesthetizing hogs in a specially-designed installation.
- (2) Electrical stunning.
- (3) Stunning with a mechanical stunner.
- (4) Shooting.

Carbon Dioxide

The use of carbon dioxide was made possible as a result of a United States packing plant developing an installation which permitted the hogs to be anaesthetized without danger to the packing plant workers and within a time limit that permits proper dispatch without damaging effects to the meat.

The original installation by Hormel requires a major expenditure and occupies more space than can be arranged for at many established plants.

Since the Hormel installation was introduced, a modification has been developed in Denmark which is more suitable to plants with a smaller volume and installation is less expensive.

The first installation of the Danish model developed by Weinburg was placed in operation last June at Canada Packers' plant in Toronto. A number of these installations are now on order and will be operating when delivered and installation has been completed.

Electrical Stunning

Attempts to successfully stun hogs by electric shock go back several years. It has been used in some countries but with controversial results.

Extensive tests made by a United States committee on slaughter methods back in 1929-35 were not successful from the standpoint of meat quality and accurate inspection of the lungs.

The Danish Research Institute recently completed further investigations regarding electric stunning, both from the standpoint of stunning technique and the effects on meat quality.

The investigation was started in 1956 as a result of experience in the use of the method in Danish plants. The stunning of pigs was made compulsory in Denmark on July 1, 1954. The measure was relaxed on February 1, 1955 and was reinstated May 1, 1956.

It is now the predominant method in Denmark for anaesthetizing hogs before slaughter. While the placement of the electrodes and the type of current is important, the time between stunning and sticking is vital in avoiding hemorrhage.

The findings by the Danish Research Institute are important to the industry if electrical stunning is to be satisfactorily employed. The short interval between stunning and sticking requires special conditions and techniques.

A recent development in electrical stunning has been tried in the Englehorn plant in Newark, New Jersey, and other United States plants, with encouraging results. After investigation, Dr. Gwatkin reported to our Committee that he considered this method of electrical stunning as humane.

A retention box is employed to hold the animal while the current is applied.

Mechanical Stunning

In an attempt to develop a method suitable for plants with small hog volume, a test has been under way for several months at Canada Packers, Saint John, New Brunswick, to determine the possibilities of mechanical stunning. There is also an installation that the Essex Packing Plant have at Windsor. It is somewhat different than the one at Saint John, but trying to accomplish the same thing. It is a small operation.

The results have proven satisfactory and the method embodies all the requirements to be acceptable as humane.

Hogs can be handled at a rate up to 50 per hour.

The equipment is quite simple to install and the costs are not beyond the range of a smaller operation.

Hogs proceed by ramp into a trap. This is a strong, welded, galvanized steel unit, with mechanical operating devices.

The hog on entering the trap trips a floor lock, causing the floor to drop and firmly wedging the animal between the sides of the trap. In this position the operator readily uses a mechanical stunner, which is applied immediately between and above the eye level on the front of the head. By tripping a foot pedal the unconscious animal is discharged from the trap.

The time from stunning to sticking must not be longer than 15 seconds. As in the case of electrical stunning, the time lapse between stunning and sticking is important.

Sheep and Lambs

Up to the present, the Committee has no definite recommendation for sheep and lambs but has been actively studying different methods.

The use of electric shock offers real prospect, provided a satisfactory means of application can be developed. The mechanical stunning method also offers encouraging results.

The retention of the animal to permit stunning is difficult to overcome.

It is definitely felt that a method can be found for lambs which will be acceptable.

Ritual Slaughter

All plants are not engaged in ritual slaughter of animals. It is confined to cattle, calves, sheep and lambs and largely to areas of sizeable population.

It is mainly a problem of restraining the animal while the act is performed. For this purpose a retention box or device has been tried. Early experiments failed several years ago when a box, demonstrated by a British promoter, was imported. The animals panicked and wrecked the equipment.

A modification of the idea is presently used in some European countries. One has been ordered by a firm for trial on behalf of the committee.

In summary

In summarizing, it now would appear that practical and acceptable methods for humane slaughter and ritual slaughter are available, or will be available, in a reasonable period of time, for all species of livestock and for all sizes of plants.

The Meat Packers Council of Canada fully supports the principle that all animals shall be slaughtered in a humane manner. At the same time, the industry should not be placed in a position necessitating the adoption of a method which has not been proven as humane or, later might be considered unacceptable.

The general public has a right to expect that meat and meat products, offered for sale, regardless of their source, come from humanely slaughtered animals.

It has been suggested a regulation might be provided under the Meat Inspection Act to enforce humane slaughter in federally inspected establishments. The Meat Packers Council of Canada is agreeable to this proposal for federally inspected plants.

However, this does not fully accomplish the objective of humane slaughter, since inspected plants handle only about 75 per cent of the total supply of meat. And you have exhibit D there that will show you for the last four or five years the percentage of non-inspected and inspected slaughter. Those are official figures.

While it may be contended that enforcement in inspected plants is a first step toward the objective of humane slaughter, it should not be forgotten that already about 50 per cent of the output of these plants is from humanely slaughtered animals. It can be properly pointed out, that when all the equipment presently on order by inspected operators is in use, this figure will be somewhere in the neighbourhood of 80 per cent.

This has been accomplished by the industry without legislation and more installations can be expected, regardless of when compulsory regulation is enacted. To achieve 100 per cent humane slaughter undoubtedly demands some form of equitable enforcement for both inspected and non-inspected plants, including plants handling ritual slaughter, since approximately 50 per cent of the meat produced in ritual slaughter is not sold as such is handled in regular trade.

Reference to exhibits B and C will demonstrate there is a sizeable number of slaughtering plants outside of federal inspection authority, many of which handle a volume equal to, or larger than, the smaller inspected establishments.

It is very obvious that the introduction of legislation should include all commercial slaughter.

The Joint Committee on Improved Methods of Slaughter has approved the following methods for use in the humane slaughtering of animals:

- Mechanical Stunning
- Electrical Stunning
- Carbon dioxide anaesthesia and
- Shooting

Legislation, if enacted, should include approval of these methods in principle and be broad enough to permit the inclusion of other methods which may be developed anytime in the future.

Once a decision is reached to enact legislation, a reasonable time should be allowed for plants to procure and install the necessary equipment.

MEMBERS OF THE MEAT PACKERS COUNCIL OF CANADA, JANUARY, 1959

<i>Firm</i>	<i>Location</i>
<i>British Columbia</i>	
Burns & Co. Limited	Vancouver
Canada Packers Limited	Vancouver
Swift Canadian Co. Limited	New Westminster
<i>Alberta</i>	
Burns & Co. Limited	Calgary
Burns & Co. Limited	Edmonton
Calgary Packers Limited	Calgary
Canada Packers Limited	Edmonton
Swift Canadian Co. Limited	Edmonton
Union Packing Company (Division of Swift Canadian Co. Limited)	Calgary
<i>Saskatchewan</i>	
Burns & Co. Limited	Prince Albert
Burns & Co. Limited	Regina
Canada Packers Limited	Moose Jaw
Intercontinental Packers Ltd.	Saskatoon
Intercontinental Packers Ltd.	Regina
<i>Manitoba</i>	
Burns & Co. Limited	Winnipeg
Canada Packers Limited	St. Boniface
Swift Canadian Co. Limited	St. Boniface
<i>Ontario</i>	
Burns & Co. (Eastern) Limited	Kitchener
Canada Packers Limited	Toronto
Canada Packers Limited	Peterborough
Coleman Packing Co. Limited	London
Essex Packers Limited	Hamilton
Essex Packers Limited	Windsor
F. W. Fearman Co. Limited	Hamilton
First Co-operative Packers of Ontario, Limited ..	Barrie
J. M. Schneider Limited	Kitchener
Swift Canadian Co. Limited	Toronto
Whyte Packing Co. Limited	Stratford
Windsor Packing Co. Ltd.	Windsor
<i>Quebec</i>	
Canada Packers Limited	Hull
Canada Packers Limited	Montreal
Coopérative Fédérée de Québec	Princeville
La Chaine Coopérative du Saguenay	St. Bruno
Legrade Inc.	Quebec
Legrade Inc.	Montreal
Modern Packers Limited	Montreal
Wilsil Limited	Montreal
<i>New Brunswick</i>	
Canada Packers Limited	Saint John
Swift Canadian Co. Limited	Moncton
<i>Prince Edward Island</i>	
Canada Packers Limited	Charlottetown

NUMBER OF INSPECTED SLAUGHTER ESTABLISHMENTS

BASIS OF AVERAGE WEEKLY SLAUGHTER BY SPECIES—1957

Location Species	Under 10	10 to 20	20 to 50	50 to 100	100 to 200	200 to 500	500 to 1000	1000 to 2000	Over 2000	Total
B.C..... Hogs.....							1	4		5
..... Cattle.....						3	2			5
..... Calves.....				2	3					5
..... Sheep and Lambs.....			1			4				5
Alta..... Hogs.....								2	5	7
..... Cattle.....						1	2	4		7
..... Calves.....				2	1	3	1			7
..... Sheep and Lambs.....			1		4	2				7
Sask..... Hogs.....					1	2	1	1	1	6
..... Cattle.....					3	2	1			6
..... Calves.....			2	3	1					6
..... Sheep and Lambs.....	3		2	1						6
Man..... Hogs.....					1			4	2	7
..... Cattle.....						3	1	2	1	7
..... Calves.....				1	2	2	1	1		7
..... Sheep and Lambs.....	3		1		2		1			7
Ont..... Hogs.....			1		1	1	2	5	6	16
..... Cattle.....				1	2	8	4	2	1	18
..... Calves.....		4	5	4	3	1		1		18
..... Sheep and Lambs.....	1	6	3	5	1		1	1		18
Que..... Hogs.....						2	1	2	4	9
..... Cattle.....			1	1	2		3	2		9
..... Calves.....			1		1	2	2	2	1	9
..... Sheep and Lambs.....	1			1	2	3	2			9
Marit..... Hogs.....				1			1	1		3
..... Cattle.....				1	1	1				3
..... Calves.....			1		1	1				3
..... Sheep and Lambs.....					2	1				3
Canada..... Hogs.....			1	1	3	5	6	19	18	53
..... Cattle.....			1	3	8	18	13	10	2	55
..... Calves.....		4	9	12	12	9	4	4	1	55
..... Sheep and Lambs.....	8	6	8	7	11	10	4	1		55

EXHIBIT C

NUMBER OF ESTABLISHMENTS—INSPECTED AND NON-INSPECTED

BASIS OF AVERAGE WEEKLY SLAUGHTER, BY SPECIES

reported by

Dominion Bureau of Statistics

Species	Under 10	10 to 20	20 to 50	50 to 100	100 to 200	200 to 500	500 to 1000	1000 to 2000	Over 2000	Total
Hogs.....	6	1	11	11	10	10	6	20	18	93
Cattle.....	16	8	13	7	8	18	13	10	2	95
Calves.....	21	11	16	12	12	9	7	4	1	93
Sheep and Lambs.....	29	6	8	8	11	10	4	1		77

INSPECTED AND NON-INSPECTED SLAUGHTER

	Total (D.B.S.)	Inspected Slaughter	Non- Inspected	Per Cent Inspected	Non- Inspected
CATTLE					
1953.....	2,004.6	1,469.4	535.2	73.3	26.7
1954.....	2,222.3	1,635.0	587.3	73.6	26.4
1955.....	2,271.1	1,702.1	569.0	74.9	25.1
1956.....	2,441.2	1,874.4	566.8	76.8	23.2
1957.....	2,602.5	1,986.2	616.3	76.3	23.7
1958.....	2,324.4	1,889.3	435.1	81.3	18.7
CALVES					
1953.....	1,165.4	740.7	424.7	63.6	36.4
1954.....	1,254.0	820.5	433.5	65.4	34.6
1955.....	1,295.0	828.7	466.3	64.0	36.0
1956.....	1,336.7	891.6	445.1	66.7	33.3
1957.....	1,381.2	887.1	494.1	64.2	35.8
1958.....	1,430.7	784.8	645.9	54.9	45.1
HOGS					
1953.....	6,198.3	4,611.3	1,578.0	74.4	25.6
1954.....	6,143.7	4,679.2	1,464.5	76.2	23.8
1955.....	6,932.2	5,543.8	1,388.4	80.0	20.0
1956.....	6,899.3	5,548.3	1,351.0	80.4	19.6
1957.....	6,515.5	4,971.5	1,544.0	76.3	23.7
1958.....	7,766.4	5,963.9	1,802.5	76.8	23.2
SHEEP AND LAMBS					
1953.....	692.6	543.4	149.2	78.5	21.5
1954.....	720.7	562.5	158.2	78.0	22.0
1955.....	754.9	591.6	163.3	78.4	21.6
1956.....	761.6	600.0	161.6	78.8	21.2
1957.....	766.8	581.9	184.9	75.9	24.1
1958.....	727.2	549.0	178.2	75.5	24.5

That is the brief, gentlemen, and I very much appreciate the kind attention that you have given it.

The CHAIRMAN: Thank you. Gentlemen, I have been asked to now call Mr. Friend, General Manager of the Ontario S.P.C.A.

Mr. R. C. FRIEND (*General Manager, Ontario Society for the Prevention of Cruelty to Animals*): Mr. Chairman, gentlemen: I am sorry time did not permit my supplying each of you with a copy of our representation.

Our society was created by provincial statute in 1919. It is the parent body of all humane societies and S.P.C.A.'s in Ontario, of which there are 37.

Today I am representing about fifteen thousand members of the humane movement in Ontario, and the many thousand additional people who have indicated to us their support of our efforts to ensure that animals being slaughtered for food purposes are killed in a reasonably humane manner.

Technical information relating to present-day slaughtering practices and alternative humane methods and equipment is available to your Committee.

I understand you have recently received representations and expert evidence dealing with this aspect of humane slaughter, so it would only be time-wasting for me to cover this same ground. I will merely state that our Society has made a very thorough study of slaughter practices and improved methods during the past five years, and as a result is convinced that humane slaughter is necessary and practical in Canada today. We are convinced that reasonably practical humane slaughter equipment and techniques are now available to the industry, which will satisfy the requirements of every packer, regardless of size and rate of production.

While some engineering problems relative to the choice and installation of humane slaughter equipment undoubtedly still confront the individual packer, we do not feel it is the responsibility of the government, industry or the humane movement to find a solution to every problem which might arise during a changeover before proceeding with legislation. We therefore urge the immediate enactment of legislation which will make the industry-wide adoption of humane methods of slaughter mandatory.

Legislation protecting animals from unnecessary suffering is not a new concept in Canada. For many years it has been an offence under the Criminal Code of Canada to cause any animal or bird unnecessary pain, suffering or injury at any time. So really the enactment of humane slaughter legislation will not introduce any new principle, but rather merely spell out for the guidance of all which slaughtering practices are consistent with the established principle that animals should not be subjected to unnecessary abuse.

We had intended to conclude our representation at this point. However, in the light of recent remarks on kosher slaughter would ask your further indulgence while we comment on this subject.

For many years now the Jewish community has held that the shackling and hanging of the conscious animal associated with the kosher slaughter—which is undoubtedly the most cruel of present-day slaughtering practices—is not a part of the religious ritual, and has no religious significance. They have maintained this method of presenting the animal to their slaughterer is industry-adopted rather than a religious requirement, and that they could not be held responsible for the suffering occasioned by animals during this pre-slaughter phase of the operation. Yet they now apparently oppose the enactment of legislation which would prohibit these inhumane methods of handling.

The Jewish people cannot expect to be absolved of all responsibility for the cruel methods presently associated with kosher slaughter, when they and apparently they alone oppose the outlawing of these methods. They cannot disassociate themselves from this phase of the operation when it serves their purpose to do so, then in the next breath oppose any changes on religious grounds. By their own admission this phase of the operation has no religious significance, so their objections must stem from other than religious considerations.

Since the actual ritual in kosher slaughter—the administration of the knife-cut—is relatively humane, the humane movement readily agreed to respect religious observance and not demand that animals killed in such slaughter be humanely pre-stunned. But we are unalterably opposed to allowing this group complete freedom from all humane requirements in preparing the animals for slaughter, because this is not a part of the religious observance and is needlessly inhumane.

It may be that the price of kosher meat would rise slightly if the antiquated methods of presentation now associated with kosher slaughter were outlawed. But the person who insists upon a custom product can reasonably expect to pay a higher price for it. In any event, there is certainly no obligation on the part of the processor or the government to ensure otherwise!

The people of Canada have expressed their wish for humanely slaughtered meat products. We believe cattle killed by the ritual cut can qualify. But animals which have been shackled, thrown, hoisted and hung by the leg certainly cannot qualify. And it must be borne in mind that since the Jewish market absorbs only the front quarters of cattle—the hindquarters normally appearing on the gentile market—more than Jewish interests are involved!

In making its representation, the Canadian Jewish Congress called upon the government to indicate "The Jewish method of slaughter and any pre-slaughter handling consistent therewith is humane". The pre-slaughter handling presently associated with kosher slaughter is NOT humane, and neither we nor the government can admit it is in the face of the overwhelming evidence to the contrary!

Any provision for excluding the Jewish people from the responsibilities of humane handling beyond actual religious requirement is entirely unnecessary and unwarranted. It would firmly and undeniably associate the pre-slaughter handling with the ritual itself, and the long-term consequences of this, we feel sure, would be that kosher slaughter would prove intolerable to an informed public.

We gratefully acknowledge that the government has worked vigorously toward the implementation of humane slaughter in recent months, and commend it for its resolve and efforts. We are confident in your ability to devise practical and enforceable legislation.

The CHAIRMAN: At this time I will ask Colonel Reade to give his presentation.

Colonel EDWARD GEORGE READE (*Director, Public Relations, Toronto Humane Society*): Mr. Chairman and gentlemen of the committee, I am Edward George Reade, as they told you, and I am director of public relations for the Toronto Humane Society. I brought with me today a prepared brief in relation to humane slaughter. After listening to Mr. Manning of the Meat Packers Council, with whom I agree 100 per cent, I do not think it would prove useful to waste your time with the brief that I had prepared, which is along the same line.

Now, as to the other side of the subject, the burning question at the moment has to do with kosher slaughter. With your indulgence I am going to ask our consultant, Mr. Taylor, to read my brief. You will gather from my speech that I have picked up quite a cold on the train. I have been making speeches around the country steadily for two weeks in connection with this subject. If you will permit me, I shall ask Mr. Taylor to read my brief.

Mr. E. L. TAYLOR (*Consultant, Toronto Humane Society*): This is a bit of an anti-climax after Colonel Reade but, if you do not mind, I shall read his brief.

"I had not intended to make specific reference to kosher slaughter, but perusal of the brief submitted by the Canadian Jewish Congress and of available newspaper reports of the hearings before your committee on April 14 make it essential that I do so.

"At once, the Toronto Humane Society emphasizes that it would indignantly refute any statement which might possibly be levelled against it to the effect that its outlook is anti-Semitic. It is purely and simply anticruelty. The statements made in the society's brief and those made by Mr. E. L. Taylor, its consultant, before your committee have defended shechita as an acceptable method of slaughter. Is this anti-Semitism? I am happy to leave this question to the committee's fair judgment.

"According to the published statement by the Canadian Jewish Congress, preparation of an animal for shechita has no religious significance. It is therefore none of their concern: in fact, we regard the mere discussion of this

aspect by the congress as no less than unwarranted interference. Restraint is the sole responsibility of the abattoir operator, and his alone. He must obviously conform with humane regulations to exactly the same extent as he will have to do in the case of his regular operations.

"However, entirely without prejudicing the statement I have just made, since the congress representatives have chosen to raise the question, so will I, with your kind permission.

"In the first place, the Toronto Humane Society regards the request made in page 8 of the congress' brief to the effect that recognition 'as humane any method of pre-slaughter handling or preparation' of kosher animals as being the most monstrous piece of effrontery and an insult to this committee's intelligence.

"In page 7 of their brief, the congress tries to tell the committee that shackling and hoisting a live animal merely "inflicts an undignified though not painful end to the animal"! Those of us who have witnessed a heavy steer bucking and thrashing and bawling in agony while the ritual slaughterer takes his own good time sharpening his knife or smoking a cigarette know differently! Those of us who have seen these same animals break their legs and tear tendons while the logging chain by which they are suspended bites into living flesh know differently! Just who do these people think we are?—What do they take us for?

"No, Mr. Chairman, the Canadian Jewish Congress knows as well as do you and ourselves that the normal methods of preparing animals for shechita have been roundly condemned as brutal by every expert who has appeared before this committee—including the greatest expert of them all, Dr. Gwatkin of the Department of Agriculture. In page 5 of their brief they cheerfully quote Dr. Gwatkin as supporting shechita as a humane method of slaughter. But later they refute his condemnation of hoisting as inhumane. It is obvious from this that the congress is quite prepared to capitalize on those statements which might work to its advantage and reject those which might not. Is this committee going to accept the unsubstantiated views of lawyers and rabbis or does it prefer to accept those of experienced livestock men and qualified veterinarians, all of whom have condemned the practice which these rabbis and lawyers have attempted to justify? One more thing, if the hoisting process is 'merely undignified' as the congress would have us swallow, would any of these gentry be prepared to submit to this same shackling and hoisting in order to prove for themselves that 'indignity' is the only sensation suffered?

"No, Mr. Chairman, we regard those statements as deliberately calculated to mislead this committee—for a reason which we believe is revealed in the statement, appearing in a press report, by a lawyer representing the congress before you on April 14. This gentleman was reported as protesting compulsory use of the casting pen on economic grounds, and only on economic grounds. Herein, in our opinion, lies the key.

"These attempts are intensely interesting to anyone who knows anything of Jewish law. Jewish authorities frequently quote concern as to the prevention of cruelty—Tzaar baaley chayim d'oraytha—causing pain to animals is forbidden by the Torah. And yet, by the very fact that these same people are defending obviously barbarous practices they are directly making themselves accessories to the very practices they purport to condemn! It is all very perplexing. Or perhaps not so perplexing as it certainly appears once again, that almost anything may be modified to suit the desired purpose. In this particular case, apparently, anything goes—even the principles forbidding cruelty—when it comes to dollars and cents.

"In this regard, I would like to repeat the statement made in my society's brief—that animal suffering, even under ritual conditions, cannot under any circumstances be permitted merely to meet economic requirements. Further,

let me say in all seriousness that if the humane restraint equipment now available is not acceptable to Canadian Jewish authorities, then it is the sole responsibility of these same people to produce alternative, equally humane equipment which is acceptable to responsible humane agencies. Canadians will not tolerate cruelty by a section of its population, even on pseudo-religious grounds. The sooner an announcement is made to this effect the better.

"Mr. Chairman, we are a humane organization. We are concerned with the prevention of cruelty to animals. We are not concerned with any religious practices. So much so that if we felt that shechita itself caused unnecessary suffering we would condemn it. We would leave no stone unturned to have it prohibited and we would not be afraid to do so. Let there be no misunderstanding about that. As it is, we consider that shechita is acceptable. But whether or not the pre-handling of kosher animals is interpreted by the Canadian Jewish Congress as having any religious connection, contrary to their previously published statement, we are going to press for humane treatment prior to shechita with all the emphasis at our command. We would even go so far as to request the actual prohibition of shechita being performed on any animal which was not restrained in a prescribed humane manner. This is a strong statement, Mr. Chairman, but one which we fully intend to stand by.

"The exemption of shechita animals from humane methods of handling would indeed have grave results. We are not without financial backing, Mr. Chairman, and we would do everything in our power to enlighten the Canadian public as to the situation. We could demand that all kosher-killed meat be indelibly marked or, of in packages, labelled accordingly. We could publish pictures of preparation of animals for shechita and of shechita itself. We have these pictures right now and they could be used this very day. We could do our powerful best to let people know that kosher meat did not qualify as humanely slaughtered. As only the forequarters of the animal are permitted for consumption by observing Jews; the hind-ends, including 'Kosher steaks' being sold in the regular market for Gentile consumption; consequences could indeed be serious. They could even be so disastrous as to make kosher slaughter unprofitable. We hope we shall not be forced into such action.

"Finally, Mr. Chairman, I ask you and this committee to make no distinction in the humane pre-handling of any food animal, whether for kosher slaughter or for any other kind of slaughter. I ask you to put a stop to the situation described in a typical letter we have recently received from an observer of kosher slaughter. Its final sentence is cryptic and indeed descriptive, and reads, 'On second thought I hardly expect a complete picture; that would require a recording of the continual painful pleading bleating that goes on while hanging by one ankle'. This is the disgraceful, barbarous process which the Canadian Jewish Congress has tried hard to convince you as being merely 'undignified'!

"Indeed, in view of the grossly misleading statements by Jewish witnesses we are seriously considering making just such a recording and having it put on the radio for the Canadian public to judge whether the sounds it hears are of agony or of 'indignity'. Make no mistake, the script would leave no doubt whatsoever in the listeners' minds that this was kosher meat in course of preparation—by a method endorsed by the Canadian Jewish Congress!

"Mr. Chairman, I beg you and your committee to leave the congress in no doubt whatsoever that Canadians will not tolerate inhumane treatment of animals, whether under the guise of religion or not. There is no justification whatever for granting the exemption which the Canadian Jewish Congress has so shamefully endeavoured to persuade you to grant, on grounds which are obviously solely financial and nothing else.

"Mr. Chairman, I thank you for your indulgence."

The CHAIRMAN: Gentlemen, we will now throw the committee open for any questions you desire to ask the witnesses. I would ask that you do not all speak at once.

Mr. CRESTOHL: Could we have Mr. Taylor answer some questions?

The CHAIRMAN: Yes.

Mr. CRESTOHL: I was very much interested in your very gentle suggestion that some of those who testified previously should allow themselves to be strung up, for the purpose of seeing whether or not there is pain. Would you, Mr. Taylor, by the same process of reasoning, allow yourself to be stunned mechanically by a machine?

Mr. TAYLOR: I certainly would not, no; and I am not defending the hanging of the animal at all.

Mr. CRESTOHL: I think that was rather a cruel observation, amongst many others that you have made,—to suggest that these men allow themselves to be hung up like an animal for that purpose.

Mr. TAYLOR: The last time Dr. Gwatkin spoke to you I think he already had tried that on one of his colleagues. Unfortunately the colleague was a little skeptical about the question of whether the animals do suffer any pain, and they decided to put a chain around the guy's wrist and raise him up; he did not like it.

Mr. CRESTOHL: Do you know whether the same experiment was tried in connection with the mechanical stunning of a human being?

Mr. TAYLOR: Not that I know of.

Mr. CRESTOHL: Would you expose yourself to that sort of thing?

Mr. TAYLOR: I certainly would not.

Mr. CRESTOHL: Then why expect others to expose themselves to the experiment suggested?

Mr. TAYLOR: I will withdraw that remark, in view of that observation.

Mr. CRESTOHL: Quite right, Mr. Taylor. I am glad you did withdraw it. I would like to have one thing clarified for the committee, and that is in regard to ritual slaughter. If we divide it into two parts—the pre-handling and the actual slaughter—would you say that the second portion is in any way inhumane?

Mr. TAYLOR: You mean the slaughter?

Mr. CRESTOHL: Yes, the slaughter.

Mr. TAYLOR: No, in my view, it is not.

Mr. CRESTOHL: It would be a question then of devising a proper means of pre-handling the animal, in order to bring it to slaughter?

Mr. TAYLOR: That is correct, sir.

The CHAIRMAN: Are there any further questions?

Mr. BROOME: Mr. Manning, we were told by Dr. Gwatkin that there was still a lot to be done in the way of handling animals prior to the actual stunning, by such simple methods as the roughing of the floor or the incline on the ramp leading into the abattoir so the animal will not slip.

On page 3 you mention the steps which have been taken by your member plants, but I get the idea from Dr. Gwatkin that some of these rather poor conditions were in the inspected plants. I wonder if you might comment on what your members are doing in the way of rather modest plant re-arrangement to have better pre-handling?

Mr. MANNING: I would be glad to do so, sir. This, of course, is one of the constant things which must go on. It is like anything else in the maintenance of equipment. You have constantly to be looking for new and better ideas,

and you have to keep in excellent condition those which are in existence. Dr. Gwatkin, I am sure would bear me out. He did not indicate in his observations that there was anything very serious or atrocious in that, but he did indicate it was an important thing from the standpoint of protecting the animals so that they are not suffering any undue hardship because of those difficulties.

As I said, there have been things going on in a number of the plants in the past years in an effort to modify the pens, gates and equipment. They have taken away such things as sharp corners or protruding objects of any nature, so that the animals coming in a group cannot brush against the sides of these things and hurt themselves. As I say, it is a constant process that is going on all the time.

As I indicated in the submission, I think these are things in which it is up to the desire, willingness and interest of people rather than some compulsive force, because you just cannot put your finger on all those things.

We have humane inspectors in and around these yards at all times. As a matter of fact, some of our people were instrumental in employing two men, one in Winnipeg and one in Edmonton, solely for the purpose of doing just that, so that they could come back and make these reports. It is all done pretty much on the basis of going around and pointing out these things to people who see that improvements can be made, ask them to make them, and then follow it through. In some cases where it has not been done there have been prosecutions made under the Criminal Code.

I do not know whether or not I have answered your question completely.

Mr. BROOME: The point really which I was making is that the very simple modifications were not carried out before, but are being carried out now because of public interest in this matter. When one is operating in a plant there is a tendency to become blind to little things like that. One gets used to it and it is only when he is shocked into an awareness of it that remedial action is taken.

In respect of sheep and lambs does the CO₂ operation operate effectively?

Mr. MANNING: I will ask one of my colleagues to answer.

Dr. G. F. CLARK (*Manager of Research for Canada Packers, Limited*): We have used the carbon dioxide method experimentally on a few sheep, but it does not look as if it is as practical as the electrical stunning method. That is where we stand on it now.

Mr. BROOME: Is it because the CO₂ facility is completely taken up with the hog production, or is it because of the animal's size, or that it just does not react in the same way.

Dr. CLARK: It is chiefly because the animals are much more difficult to get into the equipment in an orderly fashion, and it would have to be redesigned. We have used on sheep the one designed for hogs only. Work is going on in connection with a special design for sheep in Europe.

Mr. BROOME: Do they have it in use?

Dr. CLARK: Not yet. They are trying to develop it.

Mr. HALES: While we are on the prehandling of lambs and sheep, may I ask what is the method being used today in the main packing companies. Are lambs and sheep being stunned and then bled, or what is the procedure today?

Dr. CLARK: Pending experiments with electrical stunning, the present procedure with sheep is simply to shackle, hoist and stick while the animal is conscious.

Mr. HALES: The animal is not stunned first?

Dr. CLARK: No.

Mr. BROOME: Does that also apply to lambs?

Dr. CLARK: Sheep and lambs.

Mr. BROOME: That is not very satisfactory.

Dr. CLARK: No, but the difficulty is to find a method which is satisfactory. Mechanical stunning has not proven so. We worked on that for two years.

Mr. BROOME: Have you worked on electrical stunning?

Dr. CLARK: Yes. There is the problem of getting the electrodes through the heavy hair covering of the head.

Mr. WALKER: We know that pigs act differently to lambs, but what great prohibitive force would there be to developing some system to get them into the enclosure where they are anaesthetized?

Dr. CLARK: I think that the carbon dioxide method will be developed for that.

Mr. WALKER: If that is so, what is there which keeps it from being developed up to the present time.

Dr. CLARK: There have been three installations tried by Wernberg. Incidentally it is Wernberg and not Weinberg. He has come up with his third installation. The first two were completely unsuccessful. It is very critical. The concentration of carbon dioxide has to be fairly low and cannot be varied. That has been the difficulty.

Mr. WALKER: What different concentration is there for lambs than for hogs?

Dr. CLARK: With hogs it is about 65 per cent, and that is maintained with a plus or minus of 2 per cent. With lambs he has been working with as low as 45 per cent, and if there is much variation there is a killing effect which is unsatisfactory.

Mr. WALKER: If these experiments persist there is no reason why it should not be purchased?

Dr. CLARK: That is right.

Mr. WALKER: But it has nothing to do with getting the animal into the enclosure.

Dr. CLARK: I meant that that is the reason why we are not pursuing our experiments in Toronto.

Mr. WALKER: Is there any reason why these packing plants cannot use something we know does work, such as the mechanical or electrical method?

Dr. CLARK: We think the electrical method will be proven to be humane very shortly.

Mr. WALKER: Is that being worked on?

Dr. CLARK: Yes, extensively.

Mr. Walker: Suppose we passed an amendment to the Meat Inspection Act to the effect that all meat which goes through these packing houses, which are subject to inspection by the dominion authorities, must be killed by a humane method, what would you do under those circumstances, keeping in mind that we do not consider shackling, hoisting and stunning as a humane method.

Dr. CLARK: Do you want me to speak about Canada Packers?

Mr. WALKER: That is what you are an authority on.

Dr. CLARK: We have no difficulty with cattle or calves. We have all the equipment on order for hogs, and we have been experimenting with electrical stunning. We think we would be able to make it work somehow.

Mr. WALKER: For sheep as well.

Dr. CLARK: Yes.

Mr. HOWE: In connection with the slaughtering of sheep and lambs, I am wondering whether or not there has been any information obtained from Australia as to what process is being used, because there would be a tremendous amount of sheep and lambs slaughtered over there.

Dr. CLARK: I think Dr. Gwatkin told you about that. They break the neck around a rather large peg and cut the throat simultaneously. I am not sure whether or not our humane societies would say that is humane.

Mr. WALKER: At the present time, what do they do in Denmark as an alternative to anaesthetizing? Denmark is a very advanced country in matters of this kind.

Dr. CLARK: I have not seen the method in Denmark, but I have seen it in Holland where they use electrodes.

Mr. WALKER: Successfully?

Dr. CLARK: Yes.

Mr. WALKER: Why can we not?

Dr. CLARK: Let me answer this slowly. They are using a low voltage method which I think would be satisfactory or humane, but Dr. Gwatkin felt was not humane for hogs; so we have to use a higher voltage to get an instantaneous unconscious state.

Mr. WALKER: Are you worried about destroying any part of the meat?

Dr. CLARK: No. So long as the cutting act is done very quickly after stunning it seems to be all right.

Mr. WALKER: The electrical process is much more humane than shackling, hoisting and stunning?

Dr. CLARK: Yes.

Mr. WALKER: Why can not that be inaugurated at the present time?

Dr. CLARK: We expect it will be.

Mr. HALES: On the question of the prehandling and electrical stunning, bringing it down to your smaller plants, will it be too costly for them to handle in connection with sheep and lambs? Would your small operators be able to handle it all right.

Dr. CLARK: We think so.

Mr. SOUTHAM: In respect of the prehandling of the animal, even though it is prior to the actual incision of the knife, what is your opinion as to the effect on the quality of the meat? I have had some experience in this matter. I am thinking of an animal getting excited in the process.

Dr. CLARK: I am not exactly sure what the scientific evidence is on that, but I believe it is stated that excited animals are not going to produce meat of as good quality.

Mr. SOUTHAM: In my experience I have found that is a fact.

Mr. BROOME: On page 7 of the submission in respect of casting pens it says that a modification of the idea is presently used in some European countries and that one has been ordered by a firm for trial on behalf of the committee. Where will that pen be located, in what plant, and when will it be installed?

Mr. MANNING: It will be located in Toronto, but I am not sure when it will be installed. It is on hand now.

Mr. BROOME: How long has it been on hand?

Mr. MANNING: I believe just recently.

Mr. BROOME: Can you not give us any idea as to the date when you will try it out?

Dr. CLARK: It will be tried out within two months; that is, it or an alternative method which we are trying to develop. I mean we will try it out in production, not testing.

Mr. BROOME: If all shackling and hoisting of animals is prohibited, how long would it take the meat packing industry to conform to those regulations.

Mr. MANNING: I think that is an impossible question to answer because of the fact that if everyone tried to get the same equipment at the same time there would be a difficulty because there are not many manufacturers of this kind of equipment. As you know, the people in the United States are working along similar lines and are also ordering similar equipment. I rather imagine it would be within a period of less than two years. We have already stated that by the end of this year 80 per cent of the meat output of inspected plants will be under humane slaughter.

We have had to deal with the different species of animals. The hog was the big one. We went after it first because it was a difficult one and there is a large volume. We have made great strides in accomplishing that.

Then we followed up on sheep and lambs. There are fewer plants slaughtering any sizable quantity of lambs. There are quite a number of people slaughtering a few lambs, but not many people slaughtering any sizable quantity. Of course, we do not produce many lambs in this country.

Mr. WALKER: In your brief you have suggested it would be a good idea to have the other 25 per cent of the killing done under government regulations as far as the dominion government is concerned, and that is all we can speak for. Do you agree that there is no control which we have over the other 25 per cent? We can only make regulations under amendments to the Meat Inspection Act affecting the plants which are government inspected. You appreciate that.

Mr. MANNING: Yes, I appreciate that, but I am not telling you how to make legislation.

Mr. WALKER: We are not suggesting that you are, but I want to get your advice on this: how would you suggest that the other 25 per cent should conform? Have you given that any consideration?

Mr. MANNING: No. I do not think that is our prerogative. First of all, as a group, I think we said this to the Minister of Justice and to the Minister of Agriculture: that we would not want to have legislation which prohibited any one from slaughtering, or the slaughtering of livestock made impossible. We would not want to be a party to that kind of thing. But we point out to you that approximately by the end of this year or maybe sooner, 80 per cent of inspected slaughtering will be done under humane methods. That leaves a smaller proportion of plants in inspected slaughtering to change their methods than will be left in the non-inspected group. If you are interested in humane slaughter—as I believe most people are—then it must apply to all commercial slaughter.

Mr. HALES: May I ask what the S.P.C.A. thinks of the proposed legislation under the Meat Inspection Act leaving 25 per cent out of the picture? Would you be agreeable to go along with that as a reasonable start for humane slaughter?

Mr. FRIEND: I do not think that the existence—and Mr. Walker can correct me if I am wrong—of federal regulations dealing with the slaughter of animals would, in any way, stop any proceedings under the Criminal Code of Canada, or under the general cruelty section of the Criminal Code, if it was felt that animals were being caused unnecessary pain or suffering, and we felt that such

action was warranted. In the case of non-inspected plants, if our inspectors found there was unnecessary cruelty taking place, we would most certainly consider proceeding against them under the provisions of the general cruelty section of the Criminal Code.

Mr. BROOME: Your difficulty has been that there have been approved and non-approved methods of humanely slaughtering animals. But if regulations are brought in under the federal act which apply to establishments such as those which Mr. Manning represents, then you can use those regulations as a basis for procedure.

Mr. FRIEND: We would certainly use such regulations as a guide.

Mr. BROOME: In that way they would either have to conform to them or face the possibility of prosecution.

Mr. FRIEND: Indeed.

Mr. WALKER: Would there not have to be an amendment to the Criminal Code which would make it criminal, otherwise even those who did it unintentionally would be liable to prosecution? So we have suggested doing it by an amendment to the Meat Inspection act, as you know.

In the past I have gone through every prosecution across Canada, under the Criminal Code. Our great trouble has been to induce people like yourself, or humane societies, to lay charges. I do not think we got very much cooperation from some of the provincial attorneys general across Canada. But we were unable to get a precedent on which to work.

I ask you if, in your position as president of the important society, the S.P.C.A., agree that once you have these regulations passed and affecting 80 per cent of all animals slaughtered under federal inspection, that you will then have a precedent, and that you will go ahead with the prosecutions? Will you?

Mr. FRIEND: Speaking as the chief enforcement officer of our society, I say we definitely would proceed if we felt that animals were occasioning unnecessary suffering.

There is one thing further; under the general cruelty section of the Criminal Code, as you know it is an essential ingredient of a charge under that section that the animal must have been subjected to unnecessary suffering. Before the introduction of these humane methods which are now in use in Ontario, and in Canada, it was very difficult, possibly impossible, to prove that the suffering occasioned by the animals was indeed unnecessary.

Now the existence of humane methods of slaughter certainly could be used to establish that any animals killed by other methods were unnecessarily abused.

Mr. WALKER: Do you think you could keep an eye on the other 25 per cent of commercial slaughterhouses which are not subject to federal inspection?

Mr. FRIEND: We certainly would do our best to do so.

Mr. HORNER (*Acadia*): I have a question in regard to the overall picture of humane slaughter. I wonder if Mr. Manning thinks that the installation of carbon dioxide plants or any other killing methods in the overall picture would be the cause of the price of beef going up to the consumer. I mean the installation of those humane methods?

Mr. MANNING: I am very doubtful.

Mr. HORNER (*Acadia*): Thank you.

Mr. WALKER: You would capitalize the installation over a long period?

Mr. MANNING: I presume so. It would become one of the operating costs. It is not one of those costs I think which you can measure to that extent. The packing industry has never objected to doing these things because of

costs. It was because we never had the methods before. You could not put in something which other people would say was not a humane method.

Mr. HALES: Following Mr. Horner's question: since Canada Packers installed the carbon dioxide method for killing hogs, have you been able to pass as many hogs per hour through your production line as you did before?

Dr. CLARK: We are passing a sufficient number to do what we want to do. But we are not operating at the same speed that we were before, because we did not put in equipment to operate at the same speed at which we operated before.

Mr. HALE: Will you get it to the point where you have the same speed that you had before?

Dr. CLARK: We do not plan to do so.

Mr. HALES: It is bound to raise the cost of slaughtering.

Mr. WALKER: Not necessarily. You are not working to capacity.

Dr. CLARK: Killing rates depend on what the circumstances are. We are operating with relatively the same labour requirements. There is a slight additional cost for gas, and there is a slight additional cost for labour, but it is very slight.

Mr. KUCHEREPA: My question would be in this direction: the number of injuries sustained to workmen in the packing house industry is relatively high when compared to other industries. Have these improved methods cut down on injuries and the cause of loss of time to the employees? Have you any information on that?

Dr. CLARK: We have not made any study of the matter, but we would put in these methods in every one of our plants regardless of whether there is enactment of legislation or not, because it is an improved method.

Mr. KUCHEREPA: Would it make the job safer for the workmen?

Dr. CLARK: It certainly makes it easier.

Mr. CRESTOHL: I would like to know whether Col. Reade or Mr. Taylor is taking the responsibility for the presentation this morning, and to which one I should address myself.

The CHAIRMAN: Colonel Reade, I think.

Mr. CRESTOHL: Where, in the presentation of the Canadian Jewish Congress brief, do you find any reference that the society is anti-Semitic?

Mr. READE: We did not find a reference. We just wanted to make it clear.

Mr. CRESTOHL: You said here:

At once, the Toronto Humane Society emphasizes that it would indignantly refute any statement which might possibly be levelled against it to the effect that its outlook is anti-Semitic.

Has there been such an accusation levelled against it?

Mr. READE: No, we did not say there was.

Mr. CRESTOHL: You are apparently anticipating that if such an accusation should be made, you would refute it.

Mr. READE: That is right.

Mr. CRESTOHL: But was there any such statement made, or any such reference made by the Canadian Jewish Congress?

Mr. READE: No.

Mr. CRESTOHL: I would recommend that you read your brief very carefully, and you will find, by contrast to a statement like that in your brief, the pre-handling—I should read the whole sentence:

In the first place, the Toronto Humane Society regards the request made in page 8 of the congress' brief to the effect that recognition "as humane any method of pre-slaughter handling or preparation" of kosher animals as being the most monstrous piece of effrontery and an insult to this committee's intelligence.

If you had read the Congress brief you would have found that they refrained from making any accusation. I cannot understand what you mean here, "I think it is an insult to the intelligence of this committee". Do you mean to insinuate that this committee does not have its own intelligence with which to draw its own conclusions?

Mr. READE: No.

Mr. CRESTOHL: This is harsh language to submit to a committee of this kind. Can you explain it?

Mr. READE: It was not meant as an insult. It was after we had been told by members of the Jewish Congress that the actual shackling was not a part of their beliefs, and it came out in the papers the other day, as I stated in the brief.

Mr. CRESTOHL: You are completely mistaken.

Mr. READE: I stand corrected if I am mistaken.

Mr. CRESTOHL: It was clearly established before this committee, if I remember it correctly, that the prehandling forms no part of the actual ritual of a religious character at all.

Mr. READE: We merely said that exemption of this type would be inexcusable. There is no insinuation against the committee's intelligence.

Mr. CRESTOHL: I am rather disturbed by the harshness of this presentation. It is the only one of its kind which came to us in language wholly unbecoming to human ears. Did you know, for example, that it was a Jew who was the first honorary secretary of the Royal Society for the Prevention of Cruelty to Animals in England? Did you know that?

Mr. READE: No, but I knew it was the case in the United States. This was not meant to be harsh, but it was certainly meant to be determined, and to point out that we require humane slaughter.

Mr. CRESTOHL: What did you mean? This is what exorcizes me the most, Mr. Chairman. We regard this statement as deliberately calculated to mislead the committee. And you went on to say that there appeared before the committee a rabbi and a lawyer. Are you inferring from this that you could cast any reflection whatsoever on those two honourable gentlemen, and that they made a statement which was deliberately calculated to mislead this committee? Do you stand by that?

Mr. READE: A few days before the gentlemen in question appeared before this committee, I had lunch with Mr. Kayfetz and Mr. Harris, the lawyer mentioned there, when they assured me that shackling and hoisting was definitely not a part. They went further. They said that they abhorred that type of cruelty. That is what prompted me to say this, after reading the result of their interview.

Mr. CRESTOHL: If I remember their evidence correctly, they said the very same thing before this committee.

Mr. READE: I am in possession of their brief in which they said it. But as I pointed out in there, according to newspaper reports that was the impression that I had, and that it had changed considerably from the original presentation.

Mr. CRESTOHL: I am sorry that you followed the newspaper reports. You should have followed the minutes of this committee, because the presentation which those gentlemen made certainly gave us the impression that those are two operations apart, and that they would accept shackling and so on or some other type, but they did insist that pre-handling or hoisting of animals was no part of the ritual. I think the entire committee was convinced of that. I think, Colonel Reade, that you should be as considerate and as thoughtful as Mr. Taylor was and withdraw the statements that you have made, that the representatives of the Jewish Congress came here and made statements deliberately calculated to mislead this committee.

Mr. READE: Look, sir; I came here with the idea of being very fair, in order to make a fair presentation.

Mr. CRESTOHL: There is certainly no indication of that in your brief.

Mr. READE: I think you have drawn the wrong interpretation from it, and obviously you are endeavouring to split hairs and tie me up on this whole thing. The whole purpose of the society I represent is for humane slaughter.

Mr. CRESTOHL: Perfectly true.

Mr. READE: We are not trying to upset anyone or go back into anyone's history or start any controversy of this nature. You are endeavouring to put me on the spot, obviously. These statements were made in good faith, with no reason at all to try and upset anybody. You state in your brief that you consider hoisting and shackling is perfectly all right; is that correct?

Mr. CRESTOHL: In regard to what?

Mr. READE: Shackling and hoisting of animals.

Mr. CRESTOHL: Yes; but it does not form part of the ritual.

Mr. READE: That is my point.

Mr. CRESTOHL: You told us that Mr. Harris and Mr. Kayfetz told you that the hoisting of animals does not form part of the ritual.

Mr. READE: That is correct.

Mr. CRESTOHL: That is perfectly correct.

Mr. READE: Then you come back and claim that it does; is that not correct? You want the whole thing considered as humane, the whole of the slaughtering, including the shackling; is that not the inference you want drawn?

Mr. CRESTOHL: We cannot debate this.

Mr. READE: I am not debating it.

Mr. CRESTOHL: Let me make it clear to you. The statement was made—and look at that brief—that they will accept the preparation pen, the Weinberg pen or the Dyne pen. They will accept either one or the other, clearly indicating that there is no insistence on shackling or hoisting.

Mr. READE: Look, sir—

Mr. CRESTOHL: Let me ask you another question. All the briefs that we have had are factual, but you go beyond that. Look what you say, "And yet by the very fact that these same people are defending obviously barbarous practices they are directly making themselves accessories to the very practices they purport to condemn".

That is not very gentlemanly language, sir.

Mr. READE: Sir, in requesting that the whole of the procedure be considered humane, you are doing just that, are you not?

Mr. CRESTOHL: No.

Mr. READE: You are defending the shackling and the hanging, and you object, obviously, to the casting pen.

Mr. CRESTOHL: That is only a matter of opinion. And what do you mean by referring to "pseudo-religious grounds"? Those terms, Colonel Reade, do not constitute language used by a gentleman without an ulterior motive in his presentation.

Mr. READE: My motive, sir, is to get humane slaughter.

Mr. CRESTOHL: And will you explain to the committee the following statement in your brief: "We are not without financial backing, Mr. Chairman, and we would do everything in our power to enlighten the Canadian public as to the situation".

Mr. READE: Yes.

Mr. CRESTOHL: What is that threat meant to convey? Are you trying to convey that this committee will enact legislation that will not be proper, and if they do, you will go out and publicize it in the way you have threatened to do?

Mr. READE: Sir, there is no reference in there that we will go out and publicize it if the committee does not enact proper legislation. The terminology does not say that.

Mr. CRESTOHL: It is a threat to the committee, "If you do that, this is what we will do, and we have plenty of funds"?

Mr. READE: No, sir.

Mr. CRESTOHL: "We are not without financial backing"—as if it is of any consideration to the committee, in deciding the issues fairly and squarely, whether you have financial backing or whether you do not have financial backing.

Mr. READE: I thought you would have appreciated that.

The CHAIRMAN: Order, gentlemen. Are there any further questions?

Mr. HALES: Yes, Mr. Chairman. I think we have to get down to the basis of this ritual kosher killing. Does the kosher beef have to pass government inspection before the Jewish people will consume it? Must it pass government inspection? Will they eat kosher beef that has not been government inspected?

Mr. MANNING: You will have to ask someone from the Jewish Council to answer that question. I do not know whether they will eat non-inspected meat. But the inspectors are in all the inspected plants.

Mr. HALES: Would Mr. Crestohl be able to answer that?

Mr. CRESTOHL: I am sorry; I did not hear the question.

Mr. HALES: Would the Jewish people eat beef that had not passed government inspection?

Mr. CRESTOHL: All their cattle that is slaughtered at the abattoirs is, I believe, government inspected.

Mr. HALES: But there is a lot of kosher beef that is not inspected, is there not?

Mr. CRESTOHL: Jewish people, by their religion, will not eat government inspected meat unless it is first slaughtered by the shohet in the ritual way.

The CHAIRMAN: Gentlemen, I believe it is in order for the members of the committee to address their questions to the witnesses, and not to other members of the committee.

Mr. HALES: Then, Mr. Chairman, I will direct my question to the Meat Packers Council. Somebody should know whether or not it is compulsory that the Jewish people eat government inspected meat. It is very important. The whole thing hinges on this.

Mr. CRESTOHL: It is not a prerequisite for Jews to eat meat that has been government inspected.

Mr. HALES: They could eat it if it was not government inspected?

Mr. CRESTOHL: They could eat it if it was not government inspected but slaughtered in the ritual way.

Mr. HALES: Then if we pass this legislation that only in government inspected plants these regulations must prevail, that would mean that the ritual killing could be done in uninspected plants?

Mr. MANNING: It could be, yes.

Mr. CRESTOHL: Mr. Chairman, may I point out to Mr. Hales one piece of evidence that we were given last week by the Rabbi? You will remember that I questioned him about the knowledge that these men must have with regard to the carcass. They open the carcass up and they do their own inspection. Even if it is slaughtered properly, but there is something found to be wrong in the carcass, it is rejected. So they do their own inspection.

Mr. HALES: I understand that. Coming back to my question: It is conceivable, then, that the ritual killing would be done in an uninspected plant? The legislation that we pass would have no jurisdiction over ritual slaughtering, because it refers to government inspected plants. Our regulations would not apply.

Mr. CRESTOHL: Why not?

Mr. HALES: We would have no jurisdiction. The regulations that we pass would not have effect in an uninspected plant. Therefore, ritual slaughtering could go from inspected plants to non-inspected plants? It is quite conceivable that that is where it would be done.

The CHAIRMAN: It could, but not necessarily.

Mr. HALES: Then who is going to be responsible for the humane shackling, and so on, of all slaughtered beef?

Mr. JORGENSON: Mr. Manning, you state in your brief that all plants are not engaged in the ritual slaughter of animals. Can you indicate how many plants in Canada are engaged in the ritual slaughter?

Mr. MANNING: I am sorry; I do not have the exact number with me. There was a report by Dr. Gwatkin and Dr. Tanner at the beginning of our committee's work, which you will remember, Mr. Friend. I would say that of the 55 or 56 people who are slaughtering cattle, there might be about 10 places where ritual slaughter takes place. Ritual slaughter takes place where there are what we call "municipal abattoirs", where custom slaughtering is done. A lot of the Jewish clientele get their slaughtering done there. But, of course, they must have the proper representative, the proper Rabbi, to perform the ceremony.

Mr. CRESTOHL: They are usually inspected plants, are they not?

Mr. MANNING: As far as I know, yes. But if you ask me the question, as a layman I only know that lost of poultry, for instance, are slaughtered by ritual slaughter which is not done in an inspected plant. Lambs are slaughtered in those places as well.

The CHAIRMAN: Are there any further questions, gentlemen?

Mr. HALES: Mr. Chairman, I would like to get back to this question of the casting pen. If a satisfactory casting pen were manufactured which was large enough and strong enough, would the meat packers council, or the meat packers generally, accept it as a satisfactory piece of equipment, and would they continue to do kosher killing? Can Mr. Clark answer that, or maybe the gentleman from Swifts.

Mr. CLARK: I do not think Swifts do kosher killing. We do some in some of our plants, our feeling on it is that we want to develop a humane method, either the casting pen or another method which we are working on. We hope to have a practical method within a couple of months. We will not continue to do kosher slaughter by the present methods.

Mr. CHARLTON: Mr. Chairman, I would like to ask a question. In view of the fact that we now feel the slaughter of hogs by the CO₂ method is probably the most economical and most acceptable method, what would your feeling be in regard to going into another plant which has not the CO₂ equipment? Would you consider other methods humane, even though they were not the CO₂ method?

Mr. FRIEND: Most certainly, sir. The production rate in some of the smaller plants is such that it would not warrant the expense involved in installing CO₂ equipment. It would be then that these other humane alternatives would come into the picture, such as electric stunning or mechanical stunning.

Mr. CHARLTON: You would consider any one of these four as being a humane method?

Mr. FRIEND: We feel they are all about equally humane, and the only reason we need different methods is to satisfy the packers' different production requirements.

Mr. WALKER: Mr. Chairman, I just want to ask Mr. Crestohl a question. I want to be perfectly fair about this. Mr. Crestohl is a respected member of the House of Commons. May I ask a few questions of him?

Mr. CRESTOHL: Certainly.

Mr. WALKER: What percentage of the Canadian population is Jewish? Someone has looked it up.

Mr. READE: This is open to correction, but I think it is 2 per cent.

Mr. WALKER: If Canada has a population of 16 million, that would be 320,000 Jews. Would that be correct, Mr. Crestohl?

Mr. CRESTOHL: I think that would be on the high side.

Mr. WALKER: There are not that many?

Mr. CRESTOHL: I think about 250,000 is a closer figure.

Mr. WALKER: Could you tell the committee how many of those are orthodox; that is, who eat koshered meat? Would it be 30 per cent?

Mr. CRESTOHL: That is something I do not think anybody can tell you.

Mr. READE: I will hazard a guess.

Mr. WALKER: I do not want a guess.

Mr. READE: We had a discussion with gentlemen of the Canadian Jewish Congress, who said the figure was approximately 30 per cent. We asked that question.

Mr. HALES: That would be about 90,000.

Mr. CRESTOHL: What is that 30 per cent figure?

Mr. WALKER: The figure of 30 per cent represents those who are orthodox Jews and insist on kosher killing.

Mr. CRESTOHL: No. Perhaps we can get some information in this way. There are several hundred synagogues in Canada and there are only three—or four at the most—who are reform. The others are all orthodox synagogues.

Mr. WALKER: I am happy to know that. In connection with the Jews who are orthodox—which is a population of about 250,000—I understand from you this morning, Mr. Crestohl, and from the brief, that shackling and hoisting do not form part of the religious ritual. That is true, is it not?

Mr. CRESTOHL: That is true; that is what I stated.

Mr. WALKER: Therefore, so far as the religious ritual is concerned, what has been recommended here in this committee does not affect the actual ritual at all; is that correct?

Mr. CRESTOHL: The shackling and the hoisting?

Mr. WALKER: Yes, that is right.

Mr. CRESTOHL: From what we have heard?

Mr. WALKER: Yes.

Mr. CRESTOHL: That is so. They are two things apart.

Mr. WALKER: So that you, Mr. Crestohl, as a responsible Member of Parliament—and I know you well, as the sole Jewish representative of the House of Commons—if shackling and hoisting do not form part of the religious ritual, would have no objection if this committee, in its wisdom, saw fit to substitute more humane methods than shackling and hoisting? Is that correct?

Mr. CRESTOHL: For the preparation for slaughter, yes.

Mr. WALKER: That is fine, Mr. Crestohl. I am delighted to have this from you, because then we have no argument, or this ill will that has been engendered, which I do not like to see. It really is not a point here, and it is not a point because you are ad idem with us in our desire to have humane methods. You say the Jewish ritual does not necessitate this, and shackling and hoisting is no part of the ritual. Therefore, if shackling and hoisting were eliminated, it would not affect you?

Mr. CRESTOHL: I did not think we had any argument in the first place. I agree with you completely. The harsh feeling that was engendered was by the gratuitous, unwarranted and uncalled for adjectives that were introduced into this brief.

I must say this, Mr. Walker: The final statement, "There is no justification whatever for granting the exemption which the Canadian Jewish Congress has so shamefully endeavoured to persuade you to grant—on grounds which are obviously solely financial and nothing else." If the prepared brief had dealt factually, without these adjectives, there would be no difficulty. I must say if there was any doubt that the humane society was approaching this thing harshly, almost anti-semitically, I am afraid the colonel's presentation this morning has not helped that any.

The CHAIRMAN: Gentlemen, we have witnesses here from the Toronto area and I feel we must address our questions to these witnesses and not have a cross-fire between the members of the committee.

Mr. NASSERDEN: Before we leave that, I do think the brief presented by Colonel Reade and his colleague here did not include the most objective type of language that it could have. I did not like listening to it.

The CHAIRMAN: Are there any further questions?

Mr. NOBLE: Mr. Chairman, would the legislation that was passed by this government not apply to all the people in this country? Why should 25 per cent be allowed to kill as they like when we force 75 per cent to come under this legislation? What is the answer to that? The legislation should apply to everyone.

Mr. FRIEND: On page 8 of the representation submitted by the Canadian Jewish Congress—

The CHAIRMAN: Just a minute, Mr. Friend. I believe Mr. Noble's question has not been answered.

Mr. NOBLE: Allow Mr. Friend to proceed and someone can try my question later.

Mr. FRIEND: In the second paragraph it says:

At this stage of the development of this subject it is impossible to restrict pre-slaughter handling to any specific method since we cannot predict in advance how such methods will apply in actual experience to Canadian conditions and on Canadian bred animals or whether or not our religious requirements may thereby be prejudiced.

In any legislative treatment which may be recommended by your committee we therefore respectfully submit that there should be included a statement recognizing as humane any method of pre-slaughter handling or preparation which is consistent with the requirements of our faith for the slaughter of food animals.

That is what the humane movement is objecting to. We cannot recognize that the present pre-slaughter handling is humane.

Mr. CRESTOHL: It is quite clear.

The CHAIRMAN: Mr. Noble, would you mind repeating your question.

Mr. NOBLE: The point I have in mind, Mr. Chairman, is this: if this committee recommends that this legislation be passed and the government accepts it, why would not this law apply to everyone in this country rather than only 75 per cent of the people who are in this industry, and the other 25 per cent go ahead and do as they like. Is the 25 per cent going to be enforced by the humane society saying: you have to do it this way or we will bring action against you?

Mr. FRIEND: It is covered under the Criminal Code. It would not necessarily be merely the humane societies which would be enforcing the Criminal Code with respect to this other 25 per cent of the animals being slaughtered. The responsibility for enforcing the Criminal Code rests with each province; so presumably the provincial authorities would be responsible for seeing that the section of the Criminal Code was adequately enforced. It would not fall directly upon humane societies.

Mr. NOBLE: The humane societies could, if they found there were cases where the animals were not being looked after, say, "We want these people prosecuted."

Mr. FRIEND: They have the same right as any citizen to lay an information and proceed under the Criminal Code.

Mr. READE: May I make a reference to a presentation to the committee on April 14, which you spoke about here?

Mr. CRESTOHL: Where are you reading from?

Mr. READE: From the last committee report.

Mr. CRESTOHL: What page is that?

Mr. READE: It is at page 68, and I quote:

We have no desire to protect methods of pre-slaughter handling or preparation which may be inhumane. At the same time we see no need to restrict or ban present methods of handling which may not be inhumane. While we hold no brief for and oppose any form of shackling or hoisting which may be inhumane, . . .

Is that clear?

Mr. CRESTOHL: It is perfectly clear. You do not agree with that method? They say they hold no brief for any method of hoisting.

The CHAIRMAN: Gentlemen, are there any other questions before we adjourn?

Mr. HALES: May I ask the meat packers council who is doing kosher killing now in the city of Toronto?

Mr. MANNING: I understand the municipal abattoir and Canada Packers do, and I am not sure whether or not any are killed in any other plants. I think the municipal abattoir does the bulk of it because a great many of their clientele are handling kosher meats. Canada Packers also do some.

Mr. WALKER: Before we adjourn, may I say this. We are doing the best we can; we have worked with this for two years; we had the Criminal Code all lined up and then representations made by different committees showed us that was unnecessarily violent—it went too far and made criminals out of people. Now we have this method. All the experts are here, Mr. Crestohl is here, and we want to know whether there is any way we can go further as a federal government, representing this agriculture committee, than we are going. We also want to know, if we do go this far and do control 75 per cent or 80 per cent of commercial slaughter by these modern methods, whether the S.P.C.A. and the humane societies are satisfied that they can handle the remainder through their influence with the attorney-generals and with the precedence which they will get from us in these amendments to the bill. Are they satisfied we have gone as far as we can go and will they take on the responsibility, through the provinces, for the other 25 per cent?

Mr. FRIEND: Most definitely. We would do so in Ontario.

Mr. WALKER: You are the president of the S.P.C.A. How about you, Colonel Reade?

Mr. READE: We could, under their jurisdiction.

Mr. WALKER: Speaking for the Toronto Humane Society, which is a tremendous organization, are you satisfied as well?

Mr. READE: Yes.

Mr. WALKER: Mr. Crestohl, are you satisfied?

Mr. CRESTOHL: Certainly. You mean anything that would be legal?

Mr. WALKER: Yes.

Mr. CRESTOHL: And will not conflict with religious rights?

Mr. WALKER: Yes.

Mr. CRESTOHL: Certainly.

Mr. WALKER: You consent, as long as anything we contemplate does not interfere in any way with religious rights?

Mr. CRESTOHL: Yes.

Mr. HALES: The gentlemen who spoke on behalf of the S.P.C.A. said something when they said they would enforce it. Your kosher killing will be in that 25 per cent group and, therefore, your organization will have to enforce the kosher killing.

Mr. FRIEND: Well, in most instances of which I am aware, kosher killing comes under federal inspection. It could be, as you predicted, that if this committee's regulations dealt with only federally inspected plants, kosher killing might move into the uninspected plants. If that was the case, it would become the responsibility of the provinces to enforce it under the Criminal Code and, of course, our inspection and enforcement branch would deal with such cases.

Mr. HALES: And you will have to bear in mind that provides a hardship on the firm who is doing slaughtering for the kosher people because they have to sell the hind quarters of beef to the trade. They will not be government-inspected hind quarters of beef and, therefore, their area of sale will be restricted because certain retail outlets will not buy meat unless it is government-inspected. Their field of sale will be narrowed.

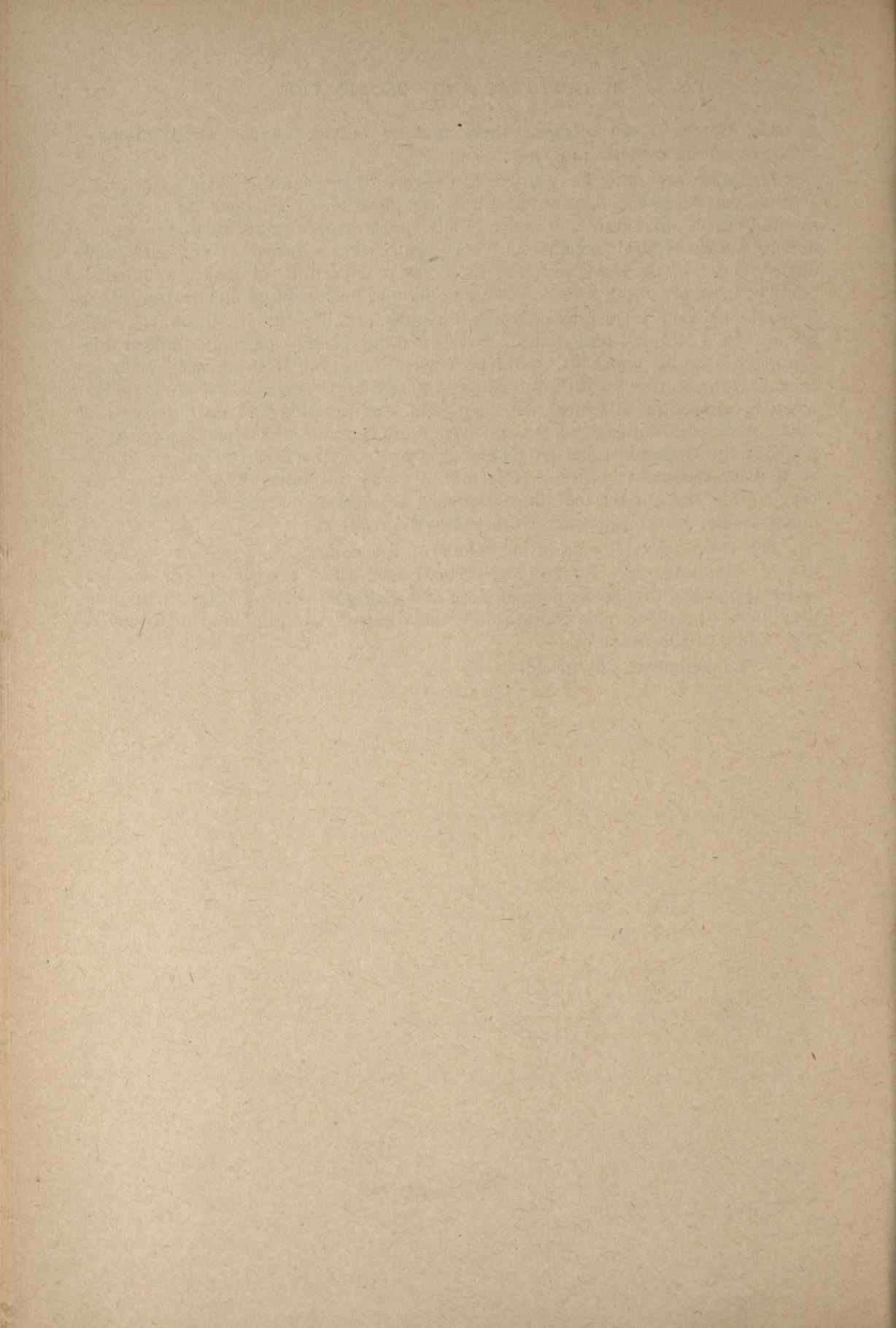
Mr. FRIEND: That would be an accurate statement.

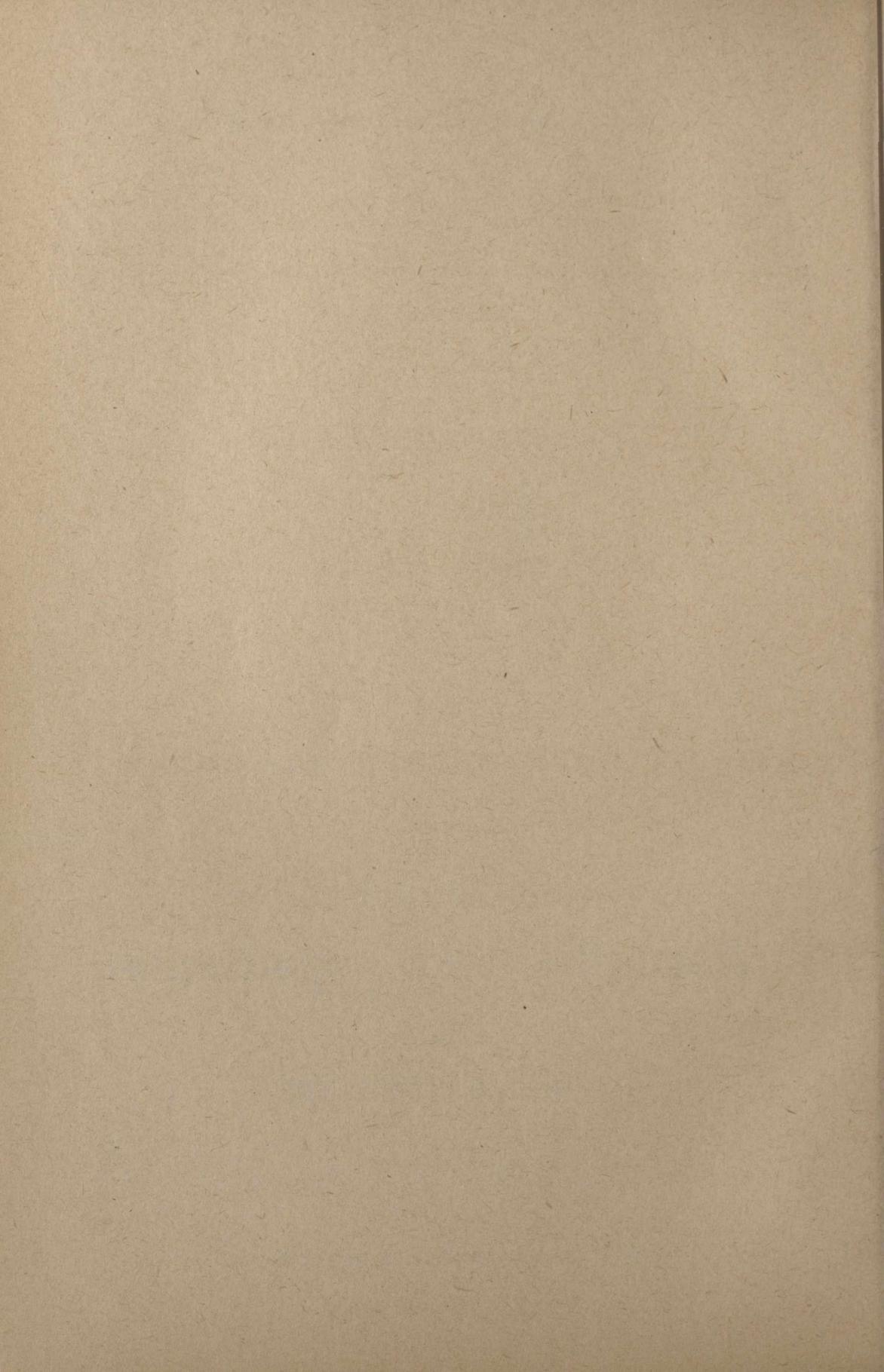
Mr. HALES: I am bringing these matters before the committee because they are of the utmost importance.

Mr. MANNING: May I say a word in regard to this matter. As a committee, I think you have to examine carefully the position of all operators. As we pointed out in our exhibits B and C, there are a large number of plants which are not under federal inspection. There are a large number of non-inspected operators who are doing business of a size comparable to inspected plants. Some of them are doing a very sizeable volume of business and, in the first place, it would be very unjust to dislocate business. In the second place it would be unfair, I think,—and I use that word advisedly—perhaps undesirable would be a better word. It would be very undesirable if the small inspected operator was required within a limited time to adopt some method of slaughter when a competitor in a non-inspected field was permitted to go haphazardly along and not required to do so. Whether Humane Societies can enforce it under the Criminal Code is one thing. I am not sure I can venture a guess as to that because it will be different in every province. But it would be very unfair and unjust to induce someone to change his methods and spend money when his competitors were allowed to go free.

The CHAIRMAN: Speaking on behalf of the committee, I wish to express to Mr. Manning, Mr. Reade, Mr. Friend and their associates our sincere appreciation and thanks for coming here and giving us the valuable information they have. It will be most acceptable when we are finalizing our conclusions at the closing of the hearings.

—The committee adjourned.





HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

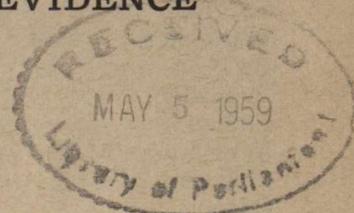
ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6



Humane Slaughter of Food Animals

FRIDAY, APRIL 24, 1959

WITNESSES:

Messrs. H. H. Hannam, President and Managing-Director, of the Canadian Federation of Agriculture; Gordon Hill, President, Ontario Farmers Union and Executive Member of the Interprovincial Farm Union Council; and James Patterson, Public Relations Officer, Interprovincial Farm Union Council.

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Horner (*Acadia*),
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MacLean (*Winnipeg
North Centre*),
McMillan,
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Noble,
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Pascoe,
Peters,
Phillips,
Racine,
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Rompré,
Rowe,
Smith (*Lincoln*),
Southam,
Speakman,
Stanton,
Thomas,
Thompson,
Tucker,
Villeneuve,
Walker.

M. Slack,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, April 24, 1959.

(7)

The Standing Committee on Agriculture and Colonization met at 9.00 a.m. this day. The Vice-Chairman, Mr. W. H. Jorgenson, presided.

Members present: Messrs. Best, Boulanger, Broome, Cadieu, Cooper, Doucett, Fane, Gundlock, Henderson, Horner (*Acadia*), Jorgenson, MacLean (*Winnipeg-North Centre*), McBain, McIlraith, McIntosh, Montgomery, Nasserden, Noble, Pascoe, Rapp, Regnier, Southam, Speakman, Thomas, Thompson, Tucker, and Villeneuve. (27)

In attendance: From the Canadian Federation of Agriculture: Messrs. H. H. Hannam, President and Managing Director; David Kirk, Secretary Treasurer; and Robert Carbert, Information Officer and Assistant-Secretary; Gordon Hill, President, Ontario Farmers Union and Executive Member of the Interprovincial Farm Union Council, and James Patterson, Public Relations Officer, Interprovincial Farm Union Council.

The Vice-Chairman introduced Messrs. Hannam, Kirk and Carbert and then called on Dr. Hannam who read a statement prepared by the Canadian Federation of Agriculture on humane slaughter of food animals.

Dr. Hannam was questioned and then retired.

Mr. Hill was called and he read a submission on humane slaughter legislation prepared by the Interprovincial Farm Union Council.

Mr. Hill and Mr. Patterson were questioned.

The questioning completed, the Vice-Chairman announced it is anticipated that final representations from organizations dealing with humane slaughter of animals, would be heard at the next meeting, Tuesday, April 28th.

At 10.15 a.m. the Committee adjourned to meet again at 11.00 a.m. Tuesday, April 28th.

M. Slack,
Clerk of the Committee.

EVIDENCE

FRIDAY, April 24, 1959.
9 a.m.

The VICE-CHAIRMAN (*Mr. Jorgenson*): Gentlemen, we have a quorum. Would Dr. Hannam, Mr. Hill, Mr. Patterson, and their associates take their places at the front table.

Gentlemen, this morning we will continue with the hearing in connection with humane slaughter. We will have briefs presented by Dr. Hannam of the Canadian Federation of Agriculture and Mr. Gordon Hill of the Inter-provincial Farm Union Council.

I would like to mention that we have visiting us this morning a group of students from St. Michael's College, Winooski Park in Vermont. They are political science students, so I would ask the committee to be at their political best this morning.

I will ask Dr. Hannam to present his brief at this time.

Dr. H. H. HANNAM (*President, Canadian Federation of Agriculture*): Mr. Chairman and gentlemen. I have a four page brief here and since it is really a summary, I think perhaps I might read it.

I am pleased to have the opportunity of meeting with you today and of associating myself with you in your study of the subject of humane slaughter of food animals. Many of the aspects of this question, however, are technical ones, and as such are outside of my field and my experience. What I shall try to do is to explain briefly what I feel is the particular point of view of farm people toward the subject of humane slaughter and accordingly to suggest considerations which from the farmers' point of view the committee might wish to keep in mind in making its report to the House of Commons.

Farmers are in the business of breeding and raising animals for food. While individual farmers vary in the care they take of their livestock, nevertheless the farmer feels a very real attachment to his livestock and a corresponding desire to see them well treated. This attachment is not essentially sentimental, but is based realistically on a lifetime of work with his farm stock. It follows from this that the attitude of a person representing farmers, such as myself, could not be other than basically sympathetic to the objectives which this committee has before it.

Farmers definitely are concerned about establishing procedures for slaughtering livestock that are as humane as it is possible to have them. There is no question that farm people generally will support all efforts designed to eliminate unnecessary suffering or bruising, and methods of handling which could cause undue excitement or terror in the animals. As far as we can see this committee is carrying on its work on the basis of universal agreement on this point.

Before going into the question of how best to ensure humane slaughter of animals in commercial establishments, let me touch for a moment on the question of killing of animals on the farm. First of all, on the farm you do not have the problem of frightening the animals by herding them in strange surroundings. Moreover, at the time of killing the animal usually is handled by the farmer whom it knows and to whom it has become accustomed. In this respect, also, the causing of fear or extreme excitement is virtually eliminated. Mostly, too, the question of shackling and hoisting in preparation for killing does not arise. As we have mentioned, the farmer will try to

avoid any practice that causes fright or suffering to his livestock, and in doing so he is not hampered by requirements of assembly line procedures. Therefore we do not believe that the need arises for regulation and supervision of slaughter of livestock on the farm. If in exceptional cases an individual farmer treats his livestock cruelly, either in handling at time of killing or on other occasions, the prohibition of cruelty to animals now in the criminal code provides a method of dealing with the problem.

This brings us to consideration of the original proposal that requiring humane treatment in the slaughter of animals could be effected through an amendment to the criminal code. The Minister of Justice has concluded that this would not be a satisfactory answer to this problem, and has given excellent reasons, in detail, why this is so. We agree with the minister, and it seems his views in this respect represent the concensus of opinion as given to this committee.

The alternative method of handling the problem is to make it a function of the health of animals division of the Department of Agriculture to administer regulations designed to ensure humane slaughter. We support this method of meeting the problem. A reading of the evidence so far submitted to this committee definitely leads us to the conclusion that it would not be difficult to find and adopt methods of handling and slaughtering which are humane and which can be economically suited to plant operations of any size. Some problems of course will arise in adapting the particular methods of handling and slaughter to particular circumstances, but given conscientious effort on the part of the plants, and of the authorities concerned satisfactory solutions can we think be found.

We take it from a reading of the discussions of this Committee that it interprets the question of humane slaughter to include all stages of handling and preparation of the animal at the packing plant, up to and including actual slaughter. We think it is desirable to include within the scope of humane slaughter regulations supervision of standards for all the methods and facilities for handling of livestock at the packing plant preparatory to slaughter.

In any measures adopted to deal with this question it is important to avoid rigid requirements which could be too costly and uneconomic for small plants. Some of our member bodies, for example, have pointed out that gas chamber equipment is likely to be too costly for many small plants. Should installation of such equipment be required for all plants, many small plants would either be forced out of business or be placed at a competitive disadvantage. Under such circumstances the higher costs of operating will surely be passed on to the farmer by lower prices offered by those plants, and perhaps even more important their competitors could then take advantage of this situation in the price they offer the producer. It is of considerable importance to the farmer that there be maximum competition among buyers of this livestock. Such competition is furthered by the existence of small plants which compete in the market for livestock with the very few major packing companies. We see no need for this problem to arise, provided sufficient flexibility is provided in the regulations and their administration.

We were pleased to see in the evidence given by Dr. Wells, the Veterinary Director-General, that he feels health of animals can administer regulations respecting humane slaughter in federally inspected plants without additional staff at those plants. There is a severe shortage of veterinarians in this country. Every man is urgently needed for providing veterinary service to farm livestock; for carrying through established programs for the eradication of brucellosis and tuberculosis in cattle, and for meat inspection and other regulatory and inspection duties of the health of animals division.

One of those I have not listed is testing for export, which is quite an important one as well.

Federally, and provincially also if steps are taken provincially to require humane slaughter in non-inspected plants, it is important that extra demands not be made on this country's veterinarians at this time. If measures or regulations require the services of extra veterinarians to carry them out, then undoubtedly the consequences, due to the over-all shortage of veterinarians, will be serious indeed in regard to agriculture and to inspection services of our meat supply.

There is one further matter to which this committee might well give attention. There is an import duty of $7\frac{1}{2}$ per cent on the import of gas chamber equipment when imported from the United States. Since this equipment is not made in Canada, and since it seems desirable to encourage its use where it can be used economically, we see no reason why this import duty should not be removed.

The VICE-CHAIRMAN: Thank you, Dr. Hannam. I think I am guilty of an oversight in not introducing Dr. Hannam's associates. Perhaps I assumed that the members of the committee knew them.

Sitting to the right of Dr. Hannam is David Kirk, secretary of the Canadian Federation of Agriculture, and over to the extreme right is Mr. Carter, the information officer of that federation.

At this point I believe we should proceed by asking questions of Dr. Hannam. When we are through with the questioning, we will proceed to hear the evidence of the Interprovincial Farm Union Council. You are now free to ask questions of Dr. Hannam.

Mr. THOMAS: Would Dr. Hannam give us his opinion as to whether or not the present method of handling animals for slaughter is humane, or is there a certain amount of cruelty involved? If there is cruelty, what form does that cruelty take?

Dr. HANNAM: It seems to me that in Canada this question does not arise. Nobody is putting forward any criticism as to the actual slaughter operations—the slaughter or killing of the animals. Any question there is with regard to humaneness apparently applies to the preparation of the animal immediately before slaughter.

The main question seems to be that of the shackling and hoisting of the animal by one leg. Apparently hoisting is usually done by one leg because it is so much easier to do it that way than to try to fasten two legs.

I think it is a technical question as to just how much suffering there is. I think that the problem we have in Canada is to attempt to improve these processes, because the public feels they ought to be improved. I think there is room for improving the procedures in some plants, in the handling of livestock. However, I do not say all plants.

Cattle are herded into strange pens by strange people, and sometimes they are shackled after a good deal of excitement, and hauled up; and even though it is a very short time before they are struck, there seems to be suffering which should not be necessary in that process.

Mr. THOMAS: If I may follow that up with another question: there is a period of time during which the animal is suspended by one leg. Has Dr. Hannam evidence to indicate that that period of time is excessive?

Dr. HANNAM: No, I have no evidence to indicate that. I say that the time the animal is hanging before it is struck is probably not as serious as the hoisting—the pulling up of the animal and raising it by one leg. I think there is some little more attention being directed at the actual procedure in the pens, which may be wet and slippery, and where the animals may fall and become bruised before they are shackled, but more to the shackling and hoisting of them by one leg. The latter is where it is felt there is somewhat more suffering than is actually necessary.

Mr. THOMAS: Do you know of any other circumstances in the process of the slaughter of animals where cruelty is in evidence? We know that there must be a certain amount of suffering on the part of the animal when it is removed from its home environment, driven into a truck, and hauled away to strange surroundings, as has been pointed out. We know that the animal refuses to go; and we know that pressure has to be applied. The animal may have to be whipped or otherwise persuaded to conform to requirements.

Unless it is rendered unconscious before it is removed from its home pen or its home farm, I do not know how we can overcome a certain amount of suffering or discomfort for the animal.

What this committee is concerned about—or should be concerned about—is those areas where action can be taken to eliminate any cruelty that now exists.

Dr. HANNAM: I think we must admit that there is discomfort for the animal in the process of loading it into a truck at the farm and unloading it at the packing plant. I do not think that that is necessarily cruelty to the animal, but there may be discomfort for it. Certainly the animal does not like it; but I doubt if the handling there enters into the question of whether or not it is humane.

I think that the handling of livestock in the trucking, unloading and herding them at the packing plants or stock-yards is quite humane, even though it may be a discomfort for the animals and they may not like it. But outside of carelessness in operations or errors, which may happen, I think that most of the thinking today in regard to slaughter perhaps is directed toward the shackling, hoisting and elevation of the animals before they are actually stuck; that is my impression. As I said at the beginning, I am not a technical expert on this subject and I am giving you as best I can what I believe to be the opinion of the farmers of Canada in respect to these matters.

Mr. BEST: Mr. Chairman, I am sure we all appreciate Dr. Hannam's brief. We feel very much as he does, that there are certain areas that can be improved. I was very interested in the remarks in connection with veterinarians which is set out at page 4 of this brief, because we will have to meet the situation which inevitably will occur in regard to this problem of inspection. Perhaps Dr. Hannam could give us some more information on one of the problems which we inevitably will face; that is the 20 or 25 per cent of the volume that is handled in plants operating within a province, as well as the problem of obtaining uniform legislation which could apply to all plants in Canada and which I believe would not apply if we made this applicable only to plants which participate in interprovincial trade. Could you make any suggestions on that point?

Dr. HANNAM: It seems to me since about 80 per cent of our livestock are slaughtered in inspected plants, that is one problem which could be handled by federal legislation and federal inspection—if we decided on putting it under the health of animals branch. In this way, there would be very little difficulty and probably no extra personnel required. The other 20 per cent will be killed by small butchers and small commercial plants which are not large enough to have a resident inspector. I am inclined to think it may be better procedure to decide this question in regard to inspected plants, establish regulations, and have it handled as best we can. I assume that could be done in a short time. I think that would give us a lead as to what might be done in the plants that are too small for federal inspection, and probably the small butcher shop.

Mr. BEST: What inspection now takes place in connection with this 20 per cent—the small plants which operate only within a given province and handle only 20 per cent of the volume?

Dr. HANNAM: I am not sure that I can give you that specifically. I have some understanding of it, but I doubt if I have enough information to answer your question in detail.

Mr. SOUTHAM: In my capacity of handling locker operations, I have had a great deal of practical experience with small plants. I know the situation in Saskatchewan and I would imagine it would apply elsewhere. We have an inspector for the Department of Agriculture who makes periodic calls at our plants in Saskatchewan to inspect our slaughter house facilities and make sure that they are kept up to the proper standard. They make a report which goes to the Department of Agriculture and we receive a copy of it. We are licensed under the provincial act.

Going further down the line, we frequently find that slaughter houses, which were quite common, and to a degree still prevalent, are also licensed and inspected at regular intervals. From my experience with the humane slaughter of animals, I find the methods used in these small plants have been much more humane than in the big commercial plants. The small operators cannot afford mechanical equipment such as hoists, conveyor belts and so on, and as a result invariably they use a rifle to kill either pigs or beef. In the case of a small animal, they generally use a .22 rifle and in the case of a large animal, a bull, they would use a more powerful gun. But as you mentioned previously, I find there is quite often less excitement in getting the animal to the place of slaughter. The farmer delivers it to the slaughter house owned by an operator and because he himself knows the animal there is less chance of excitement. The animal is unloaded and taken to the place of slaughter. In practically all cases there is less excitement or suffering at that stage. The operator himself then takes steps to use the rifle to render the animal unconscious.

The same applies to slaughtering on the farm. I have watched farm slaughtering and invariably the farmer uses a gun because he has not the other equipment.

Mr. BEST: As I was searching for information, I have been very interested in these remarks. In other words, in all probability there is provincial licensing and inspection in these plants which operate only within the province; is that correct?

Mr. SOUTHAM: That is so in Saskatchewan and I would assume the same regulations apply elsewhere.

Dr. HANNAM: I think I can answer it this way. Although all these plants are inspected, it is a periodic inspection; whereas under the health of animals division they have resident inspectors in all of the 57 or 58 plants.

Mr. BEST: I am just bringing this up because of conditions we must face in trying to get some sort of uniformity.

Dr. HANNAM: I would like to revert back to the other question concerning the inspection of this other 20 per cent. If it is not covered in the usual way by inspectors of the health of animals branch, I do not think it would be difficult to arrange for that inspection, perhaps under provincial legislation. It seems to me that is the best way because the authority of the federal department only covers the plants which might have interprovincial or export trade.

Mr. GUNDLOCK: You could add to the provincial aspect of it the municipal aspect, because in western Canada various municipalities have their own licensing and inspection through their own health officers.

Dr. HANNAM: Yes, most cities have.

Mr. HENDERSON: I come from Dawson Creek and there is a large trade there. We have three or four small meat packing plants or butcher shops in that area which do a great deal of trade with Alaska and the Yukon. Recently I had occasion to get in touch with the Minister of Agriculture. There is a veterinarian

in that area who is employed by the government. He is so busy with different cattle diseases and so on that he has not a chance to cover everything.

I butchered myself on the farm and I had a contract with W. O. Harper, who later sold out to the Hudsons Bay Company. We butchered hundreds of cattle and I never saw an inspector. Apparently now and again the health officer in the town goes around and if it gets a little too dirty in the meat packing plants or the slaughter house, he sees that they are cleaned up.

Dr. HANNAM: Perhaps that is a process which might be improved upon. However, you will agree there was some inspection, and if there was anything very badly wrong in connection with your operations you would be reported and could be handled under the Criminal Code.

Mr. HENDERSON: Yes.

Mr. CADIEU: A few years ago I visited the Burns plant in Prince Albert. I thought the method they had at that time of handling large beef was acceptable. I watched the operation at some length. They were all stunned with a hammer and I never saw the chap make a miss. They were all held in a tight pen. They were stunned, bled and hung up; it was all right. However, I thought their method of handling hogs was very cruel and inhumane. I thought something should have been done in regard to that particular plant at that time. The cruelty there was the way calves and hogs were handled by these shackling methods. I saw the hogs handled; but I was told about the calves. As they are shackled they go up through this door and the door shuts behind them. If the hog slips its shackles, it will not fall on the man who is doing the shackling. I have witnessed hogs struggling along and it was reported to me that hogs, while still conscious, had gone into the scalding vats. From some reports I have received, I understand they have tried to swim out. However, I did not see that happen. I think the most cruelty at that particular plant was occasioned to small calves and hogs. They have a new modern plant at the present time. I do not know whether or not it operates in the same way. I think something should be done about it.

Dr. HANNAM: I believe in Canada generally that our cattle are very well handled; that is that the stunning gun is used principally for heavy cattle and heavy calves.

Mr. FORBES: I have seen calves weighing 700 or 800 pounds hanging by one leg before they are slaughtered.

Dr. HANNAM: You are referring to the larger beef cattle. Most of our beef cattle in Canada are stunned with a stunning gun before slaughter. There does not seem to be any objection to using a hammer or mallet on a small calf because you can stand beside it and hold it. I do not think any criticism has been raised in regard to the stunning of calves with a mallet or hammer. I am referring to veal calves.

Mr. SOUTHAM: I am very interested in Dr. Hannam's comments, because I have been interested in the food processing business for a number of years. Periodically while visiting different cities I have gone through these plants myself. I have had an opportunity of visiting Swifts, Canada Packers, Burns in Winnipeg, Intercontinental in Saskatoon, Brandon Packers in Brandon and Intercontinental Packers in Regina, together with their branch offices.

Invariably I agree with what Dr. Hannam says in regard to the heavy beef animal. They have been using stunning methods for a number of years, with the result there is not any inhumanity.

However, I did notice there was not any stunning process used in the ritual slaughtering of animals; I think that is very inhumane. The same thing applies to hogs. This shackling and hoisting up of hogs, holding them there a minute before they are stuck—and they sometimes miss—going into the scalding vats before they lose consciousness, constitutes a very serious problem. It is on that

basis we are studying this legislation. When we take steps to regulate that part of our slaughtering, I will go along with it one hundred per cent. I think the cruelty applies to the small animals, sheep, calves and hogs, as well as the pre-slaughter preparation for ritual slaughter.

Dr. HANNAM: It is my information that the gas chamber, for hogs particularly, is becoming popular. There seems to be very little argument against it. It seems to operate very well with hogs, particularly because there is not quite the same chance of convulsions and kicking that there is otherwise. But again it is a question of whether or not it is an economical operation; that is, whether or not a gas chamber could be used economically in a small plant.

The VICE-CHAIRMAN: Are there any further questions, gentlemen? If not, I wish to thank Dr. Hannam for appearing before this committee and giving us the benefit of his views on this very important subject.

We will now call upon the representatives of the Interprovincial Farm Union Council. Mr. Gordon Hill will read their brief. He is an executive member of the Interprovincial Farm Union Council in addition to being president of the Ontario Farmers Union. He is accompanied by Mr. James Patterson, who I am sure the committee all know.

Mr. GORDON HILL (*Executive Member, Interprovincial Farm Union Council*): Thank you, Mr. Chairman and gentlemen. It is a pleasure and a privilege for me to appear before you this morning. It is unfortunate that the chairman of the Interprovincial Farm Union Council, Mr. Alf. Gleave, is unable to be with us. However, Mr. Patterson, whom I think you are well acquainted with, and I will carry on.

We welcome this opportunity, Mr. Chairman, to appear before you, and members of your committee to present the views of Canadian farmers, regarding proposed legislation which may provide more humane slaughter of our meat animals. The production of meat animals forms a very important portion of our agricultural industry. Many of our pasture, grain and forage crops are produced with the understanding that they will be marketed only after being converted to meat.

Farmers, being the primary producers of meat animals, have considerable interest in the regulations regarding methods of slaughter for several significant reasons.

Firstly, in the process of raising animals, a farmer takes a very acute interest in their well being. His attention to details to a large extent determines the rate of gain. For example if the animal is well housed, adequate fresh air and a dry place to lie down there will be more comfort and consequently a faster conversion of feed to meat. If the farmer is observant and quick to doctor minor injuries and illness before they become major problems, the animal will make a more rapid recovery. An adequate supply of fresh clean water encourages consumption and gain. Close attention must be maintained if vermin infestations are to be discovered and eradicated before serious losses occur. As the producers' margin of profit diminishes, they become increasingly conscious of these factors and spend more time with their animals. As the animals progress, a feeling of comradeship develops. Consequently when the time for marketing arrives, farmers wish to see their animals converted into an edible product as quickly and with as little suffering as practical.

We would also point out, while the farmer is sincerely interested in humane slaughter methods, he realizes that any increase in costs of packing house operations due to humane slaughter regulations, will be deducted from the price offered for live animals. Business practices which have been in vogue for some time have resulted in a system whereby processing and retailing costs, plus a profit on each operation, is deducted from the price paid by the consumer, and the balance is offered to the producer. Under this system one can readily

notice that chain stores, packing houses and others who handle meat products are in a position to pass increased costs down the line. This the livestock producer cannot do. We, therefore, recommend, that regulations which would significantly increase slaughter costs, should not be put into effect until such time as farmers are assured returns for their livestock which provide production costs, plus a reasonable profit, at least on the requirements of our domestic market.

In many communities some producers sell their products direct to the consumer through public markets. In keeping with public health regulations, it is often necessary for farmers to have their animals slaughtered in a small slaughtering house which does custom killing in addition to looking after its own requirements. Many farmers could slaughter their animals, just as efficiently, and under just as hygienic conditions as are used, however, municipal ordinances commonly stipulate that meat offered for sale be slaughtered on "inspected premises." We do not wish to debate the merits of such municipal regulations with this committee, but would point out that many such slaughter houses operate only one or two days per week, the size of the operation would not justify installation of expensive slaughter equipment such as casting pens—the merits of which are very much in doubt. This also applies to the case of the independent butcher shop operator who purchases live animals from the farmer, does his own processing and retails on a local basis. These types of operation are of benefit, not only to the livestock section of our agriculture industry, but to the community as a whole. We, therefore, request specific attention be given to their interest in order that humane slaughter regulations are not passed which would create economic difficulties forcing them out of business.

Consideration should also be given to the farmer who slaughters animals for consumption within his own home. In the desperate economic situation that Canadian farmers find themselves today, all possible corners must be cut in order to tailor expenses to fit income. In order to keep food costs at a minimum a great many farmers supply their own meat requirements from their herds. Caution must be used to insure that humane slaughter regulations are not passed which are beyond the farmers reach and which would have the net results of making law breakers of a great many conscientious individuals.

Ritual slaughter must also receive positive consideration. We, of the I.F.U.C. recognize that freedom of worship is basic in this great dominion of ours. Many of our religious customs have been handed down for centuries and now are so firmly established it would seem unwise to attempt to alter them. We, therefore, suggest that any humane slaughter regulations enacted give ample consideration to religious ritual.

An examination of slaughtering practices in our meat packing industry indicates considerable room for improvement. In anticipation that ample quantities of technical data and advice will be provided to the committee from other sources, our comments will be in rather general terms.

A visit to processing plants suggests that the shackling pen and hoisting of conscious animals by one leg no doubt leaves its effect on the meat from animals handled in such a manner, as well as on the conscience of all who are aware of such conditions. There would seem to be a great deal of merit in a system whereby animals would be rendered unconscious prior to shackling, in preparation for slaughter. The carbon dioxide chamber could be used effectively for this purpose.

Several effective varieties of stunning equipment are available to-day. Mechanical equipment is proving satisfactory in some plants, while electricity is being used just as effectively in others. The selection of machinery seems to depend on individual conditions encountered in day to day operations. No

doubt some varieties have advantages over others, but the point of contention seems to be that some countries have given more serious consideration to improvements in handling techniques than others.

Mr. Chairman, we wish to point out that the specific issue under review is only one aspect in the entire process that could be classified under the general heading of humane slaughter. Livestock must be loaded—trucked—weighted and penned ready for slaughter after leaving the farm.

Farmers are concerned that each process be carried out with the minimum of abuse and general discomfort of the animals. It is recognized that the meat from animals that are over excited or abused is reduced in quality, and in extreme cases may be rendered unfit for human consumption.

While we appreciate that the element of fear or excitement cannot be eliminated entirely, we would favour methods by which these may be reduced.

Considerable emphasis has been put on the merits of the casting pen, and while we have not had the opportunity to observe this unit in operation, because of physical factors already mentioned and until such time as it is proven in Canada—we would question the wisdom of making universal use compulsory under the legislation.

We would suggest that in the case of cattle this committee give consideration to the use of a dual shackling unit rather than the single unit now in use.

It has been brought to our attention that occasionally hogs have been dumped into the scalding tank before they are quite dead. Management should be required to make certain this does not ever happen in the future.

To sum up, Mr. Chairman, we of the I.F.U.C. appreciate the merits of humane slaughter regulations. We would not oppose such regulations provided the farmer is not expected to bear any cost of any proposed changes.

We appreciate the opportunity of appearing before this committee today, and wish to assure you Mr. Chairman and members of this committee, that we are prepared at all times to express our views on any matter affecting the welfare of farm people.

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

The VICE-CHAIRMAN: Thank you, Mr. Hill. Are there any questions, gentlemen?

Mr. McILRAITH: I have two or three questions, Mr. Chairman, I notice in referring to the casting pens at the top of page 3, it says:

... the merits of which are very much in doubt.

And then later on, near the top of page 5 you say that you are not familiar with it. You say:

... we have not had the opportunity to observe this unit in operation...

What I want to know is this. Is it simply a case of not being sufficiently well informed on the use of casting pens to give a conclusion, or is it a case of being well informed and thinking that they are not appropriate?

Mr. HILL: I think it is a case that the casting pen is not used to any great extent in Canada and, therefore, possibly we are not as well informed as other people may be; and from this point of view we would not be prepared to recommend it at this time.

Mr. McILRAITH: No, but it might be developed to be a useful and an appropriate method.

Mr. HILL: It could well be, yes.

Mr. MCILRAITH: Now coming down to the middle of page 3 in connection with the point being raised in that paragraph, I notice you use the term:

In the desperate economic situation that Canadian farmers find themselves today—

Now, when we make our recommendations on this subject of humane slaughter, I am wondering if you are asking us to make a finding that the farmers are in a desperate economic situation? That is strong language. I take it we can recognize the providence of the farmers and recognize the need for not putting other financial burdens on them when financially they are in desperate need.

Mr. RAPP: They are entitled to their own opinion.

Mr. HILL: I might say that we are stating that farmers are in a desperate economic situation. We are not asking that this committee, which has a specific problem under consideration, support this. I think a great many of the committee members recognize that farmers today are in a desperate economic situation, and we are merely pointing out that the farmer today is not in a position to afford any increased costs.

Mr. MCILRAITH: Your point is really that the farmers are not in a position to afford the extra cost. Surely that is what we ought to be concerned with at the moment in this committee—that they are not in a position to afford any extra cost.

Mr. HILL: That is right. Farmers are not in a position to afford any extra cost, and we very much fear that if regulations are passed which would create more expensive slaughtering methods, that expense would fall on the shoulders of the farmer.

Mr. MCILRAITH: I think that clarifies that point, but I have one other question. At the bottom of page 3, you speak about ritual slaughtering and you say:

Ritual slaughter must also receive positive consideration. We, of the I.F.U.C. recognize that freedom of worship is basic in this great dominion of ours. Many of our religious customs have been handed down for centuries and now are so firmly established it would seem unwise to attempt to alter them. We, therefore, suggest that any humane slaughtering regulations enacted give ample consideration to religious ritual.

Have you had an opportunity yet to read the evidence which has been presented to this committee?

Mr. HILL: I have not read it all, but I have been through quite a bit of it.

Mr. MCILRAITH: In any event a substantial part of that evidence was to the effect that the ritual method of slaughtering is humane. Therefore, it was not objectionable on that ground, so it was not necessary to put it on religious grounds in the acceptance of your methods of actual slaughter. The evidence claimed that it was humane, as to the slaughtering part of it. But there was a question about the pre-handling, that is, the shackling and hoisting in preparation for the slaughter.

In that paragraph to which I referred, I wonder in your language, if you are intending or tending to include the pre-shackling and handling which is no part of the ritual slaughter, as part of the present methods which should be excluded from the regulations?

Mr. HILL: I may be incorrect in this, but my understanding is that the preparation is important to the ritual. In other words, in the ritual the animal is supposed to be conscious and well.

Mr. MCILRAITH: Yes, that is right.

Mr. HILL: If the animal were rendered unconscious prior to being shackled, no doubt they would have to wait a considerable time for it to become conscious again before it could be slaughtered. We doubt whether or not this is a practical way.

Mr. McILRAITH: There may be other methods of bringing animals to the place of slaughter than by hoisting and shackling; methods which would bring them there in a fully conscious state and undamaged.

Mr. HILL: Yes, that is quite possible.

Mr. RAPP: Mr. Chairman, on page 3 a suggestion is made by the Inter-provincial Farm Union Council which I think will meet with the approval of all members of the committee, particularly to those who come from farms. I will read that section:

Caution must be used to insure that humane slaughter regulations are not passed which are beyond the farmers' reach and which would have the net results of making law breakers of a great many conscientious individuals.

As I said, that is appreciated very much. But would Mr. Hill elaborate on it? What suggestions or methods does he think are beyond the farmers' reach? If the law should make a certain method or suggest a certain method, what would you say would be beyond the reach of farmers?

Mr. HILL: Mr. Chairman, one of the main things we have in mind here is that in the case, for instance, of small slaughter houses, if they were required to put in expensive machinery, it would force them out of business.

Then, too, in the case of the individual farmer who is slaughtering for his own use, if legislation were enacted under the Criminal Code whereby he had to use a specific type of stunning equipment, it would be beyond his reach; he would not be able to afford it. That is what we have in mind.

Mr. RAPP: I wanted to have this on the record.

Mr. MACLEAN (*Winnipeg North Centre*): At the bottom of page 2 you speak about meat being offered for sale to be slaughtered on inspected premises. Further on you point out the problem with regard to farmers killing their own livestock. I think both of these points are covered by provincial agriculture regulations and as such they would not come under the jurisdiction of this committee. The Chairman may correct me if I am wrong, but when a farmer slaughters an animal for his own use, would that not come under the regulations as set forth to this committee, through the Department of Agriculture?

Mr. HILL: Mr. Chairman, I am referring there to humane slaughter regulations which in these instances would come under federal legislation, would they not?

Mr. MACLEAN (*Winnipeg North Centre*): They would come under the regulations of the federal Department of Agriculture, but they would only affect meat for transport from one province to another; they would not affect sales within a province, or a farmer killing his meat on his farm, because this is done through the Department of Agriculture.

Mr. HILL: But if it were done through the Criminal Code?

Mr. MACLEAN (*Winnipeg North Centre*): Yes.

Mr. HILL: Yes; that is why we suggest or intimate that the Criminal Code would not be a good method.

Mr. HORNER (*Acadia*): I take it that the whole gist of this brief is the fact that you are telling us not to do anything which would in any way, lower the return to the farmer. Last Tuesday I asked Mr. Manning of the meat packers council, if any humane methods were brought about in the slaughtering plants under the health of animals regulations, would it increase the cost of handling the product. Mr. Manning maintained that it would not.

I do not know whether Mr. Hill is aware of it or not, but is he, in a sense, disagreeing with that statement?

Mr. HILL: Mr. Chairman, I do not think it would cost much extra in the large plants. But if it would not increase slaughtering costs, why is it not in use now?

Mr. HORNER (*Acadia*): At a previous meeting I pointed out that a lot of these humane methods have only recently been tried and proved to be successful, such as the carbon dioxide method, and the electrical method that was accepted in Denmark one year and thrown out the next year only to be taken in again in 1956. You may call it evolution or whatever you like, but we are just now getting around to some of these improved methods; and as I gathered from the meat packers council, they have no objection to adopting humane methods.

Mr. HILL: I would not be in a position to disagree with Mr. Manning. I am sure he has had a great deal more experience in that regard than I have. But we do hope that this will not become a burden on the livestock producers in Canada today.

Mr. HORNER (*Acadia*): That was my concern too.

Mr. COOPER: On page 5 you say:

We would suggest that in the case of cattle this committee give consideration to the use of a dual shackling unit rather than the single unit now in use.

That means dual shackling before they are rendered unconscious. I am certainly against any shackling. Then, with regard to the farmer and the small slaughter house, there is no worry there about the killing, because they do not have the equipment to shackle and haul them up before becoming unconscious. Every creature that is brought into their plant is shot before being shackled or anything else. Even with dual shackling, I think it is very humane.

Mr. MONTGOMERY: In regard to the question of cost, I think this equipment is very expensive and that it would increase the cost. Because most of this equipment will handle thousands upon thousands of animals, the cost would be spread over such a large area that it would not amount to anything.

Mr. THOMAS: I would like to ask Mr. Hill the same questions I asked Dr. Hannam. Is he aware of any other methods of cruelty, or is he aware that cruelty exists in any other way except through the hoisting of the animals by one leg?

Mr. HILL: Mr. Chairman, I have had some experience in the delivery of livestock to packing plants, and I think there are occasions when unnecessary cruelty takes place. For instance, when loading cattle, I have seen truckers who wielded a cane with a heavy hand, which seemed to me rather unnecessary. There is equipment you can get which will supply an electric shock, and this, I think, is far more effective for herding livestock than a cane.

There are many cases when trucks are not filled to capacity on the drive to the packing plants. It may be that a truck can accommodate 12 head of cattle, but there are only eight or nine head in it. That truck is not filled, so that on the road the cattle bounce around and there is unnecessary cruelty, you can have gates in a truck that will keep the cattle tightly packed, so that they do not move.

Moreover, a great many trucks that are used today are not properly bedded. Maybe they come with a fork-full of straw on the bottom, or a couple of shovels of sawdust, and the cattle slip and fall. A shovel-full of gravel on the bottom of such a truck would eliminate a great deal of pain and suffering.

Things of this nature also take place when the cattle are unloaded, and a cane is used unnecessarily. An electric shocking device would be far more effective. I think those would be some of the main things but perhaps Mr. Patterson might like to say a word about it.

Mr. JAMES PATTERSON (*Interprovincial Farm Union Council*): Mr. Chairman, as Mr. Hill pointed out, from the time the animal leaves the farm until it is on the hook it is a matter of concern to the Interprovincial Farm Union Council, and we want to see that suffering is eliminated, as much as possible.

Certainly you will find in the plants, on the stairways and alleyways and so on, that at times—and just to a matter of degree—that the floors do become unreasonably slippery and the animals have great difficulty in staying on their feet. Those are just some of our general thoughts.

Mr. THOMAS: Would the farm union be in favour of the government undertaking to control these things through regulations?

Mr. PATTERSON: Provision is already made under the humane treatment of animals that these things should be supervised. If they are not supervised, then it is the fault of the person who has the responsibility to look after that particular area either in the plants or in the trucks.

Mr. NOBLE: Do you not think we are here to discuss the problem at the killing point? Many of the matters discussed here I think would be problems for the provincial authorities or for the humane societies. If we can get legislation passed to ensure that these animals are humanely slaughtered, I think that would be our problem.

Mr. CADIEU: I agree with Mr. Noble. What we started out to discuss was humane slaughter, not the preparation for it. I think if we begin to consider the handling of the stock from the time it leaves the farm, we will be here for a long time. We should remember that a lot of these farmers do not have the most humane way of handling their stock. I do not think we should start to go into that. I think the question we are discussing is humane slaughter and after the animal is in the plant.

Mr. MACLEAN (*Winnipeg North Centre*): Would the speaker agree that the Criminal Code at the present time actually covers the treatment of the animals up to the killing?

Mr. HILL: Yes.

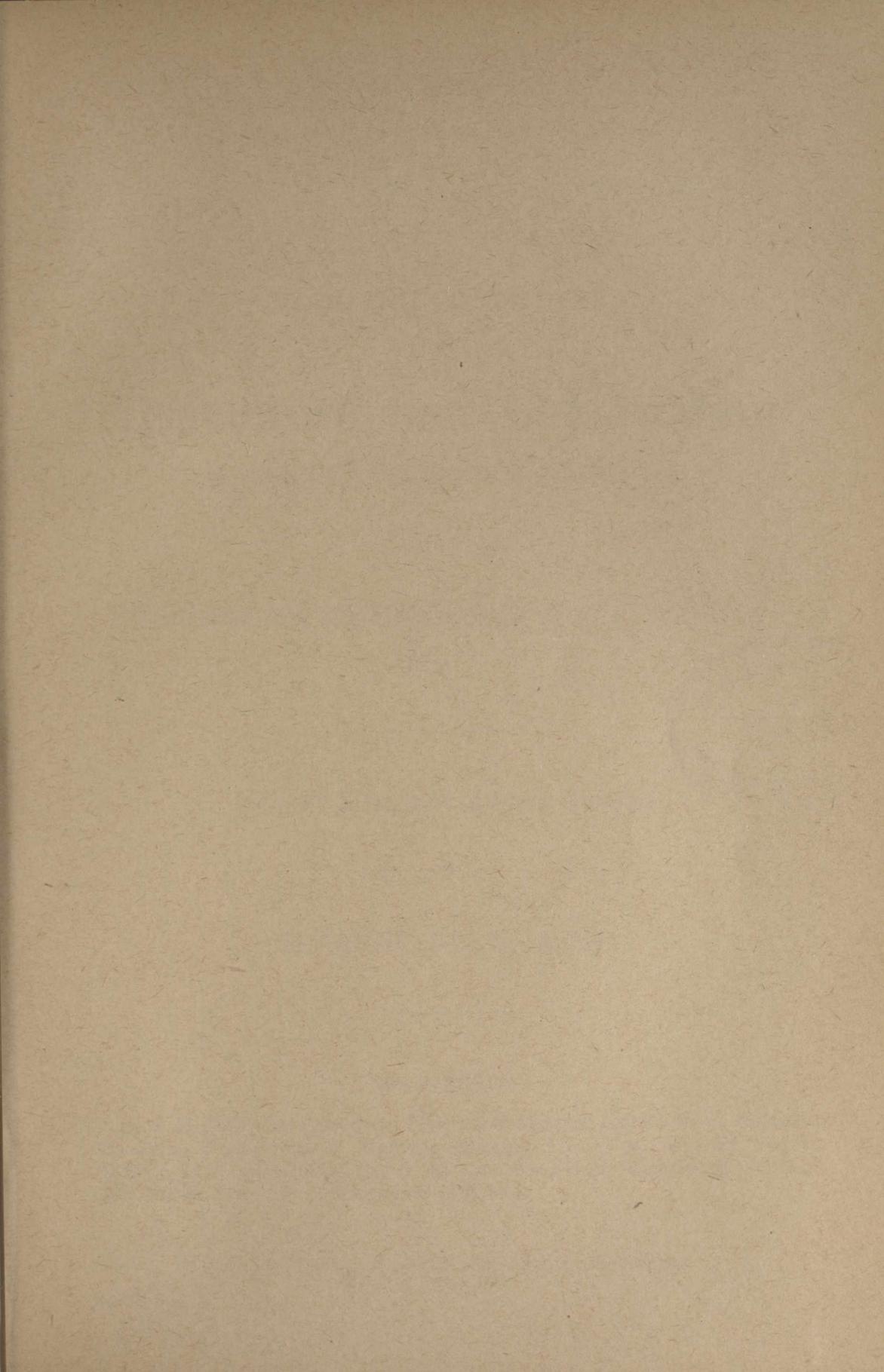
The VICE-CHAIRMAN: Are there any further questions?

Mr. DOUCETT: No. I move that we adjourn.

The VICE-CHAIRMAN: I wish to thank these gentlemen for appearing before this committee this morning. I want to say also that our next meeting will be held on Tuesday, April 28, and it is anticipated that it will be the last hearing for organizations.

The final group of people who will appear at that time is as follows: Domestic Packers and Processors Association of Canada; Humane Slaughter Association of Vancouver; Colonel Taylor, President, Canadian Federation of Humane Societies and Mr. Larry Hilliam, 5351 Athol Place, Montreal, Quebec.

—The committee adjourned.



HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

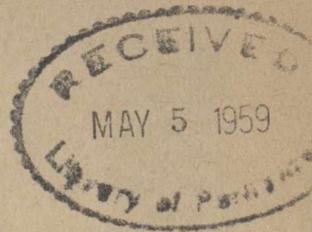
Humane Slaughter of Food Animals

TUESDAY, APRIL 28, 1959

WITNESSES:

Mr. P. R. U. Stratton, President, Humane Slaughter Association; *From the Canadian Federation of Humane Societies:* Lt. Col. Richard Taylor, O.B.E., E.D., President; Dr. A. E. Cameron, Hon. Veterinary Advisor, and W. R. Gunn, Q.C., Honorary Counsel.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959



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North Centre*),
McMillan,
Michaud,
Montgomery,

Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Rompré,
Rowe,
Smith (*Lincoln*),
Southam,
Speakman,
Stanton,
Thomas,
Thompson,
Tucker,
Villeneuve,
Walker.

M. Slack,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 28, 1959.

(8)

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Broome, Cadieu, Charlton, Crestohl, Doucett, Fleming (*Okanagan-Revelstoke*), Hales, Henderson, Horner (*Acadia*), Howe, Jorgenson, Kindt, Kucherepa, Létourneau, MacLean (*Winnipeg-North Centre*), McBain, McIlraith, Montgomery, Nasserden, Noble, O'Leary, Pascoe, Rapp, Regnier, Rompré, Southam, Speakman, Thomas, and Tucker.—29.

In attendance: Messrs. P. R. U. Stratton, President, Humane Slaughter Association; *From the Canadian Federation of Humane Societies:* Lt. Col. Richard Taylor, O.B.E., E.D., President; Gordon Gunn, Q.C., Honorary Counsel and Dr. E. A. Cameron, Hon. Veterinary Advisor.

The Chairman read a letter from the United Packinghouse Workers of America requesting that their brief be read into the record. It was agreed that this brief be printed as an appendix to this day's proceedings. (*See Appendix "A"*).

The Chairman introduced Messrs. Stratton, Taylor, Gunn and Cameron and then called on Mr. Stratton.

Mr. Stratton referred to a brief prepared by the Humane Slaughter Association which was previously mailed to each member of the Committee. It was agreed that this brief be printed as an appendix to this day's proceedings. (*See Appendix "B"*).

Mr. Stratton then delivered a statement dealing with humane slaughter of food animals.

Colonel Taylor read a brief prepared by the Canadian Federation of Humane Societies.

Messrs. Stratton, Cameron and Gunn were questioned.

The Chairman being called from the Committee, the Vice-Chairman, Mr. Jorgenson, took the Chair.

The questioning completed, the Vice-Chairman thanked the witnesses for their assistance. He announced that this was the final meeting to hear representations from organizations, and it was anticipated that two draft bills would be submitted for consideration at the next meeting.

At 12.55 p.m., the Committee adjourned to the call of the Chair.

M. Slack,
Clerk of the Committee.

EVIDENCE

TUESDAY, April 28, 1959
11 a.m.

The CHAIRMAN: Gentlemen, kindly come to order. I will ask Mr. Stratton to please come to the platform here, also Colonel Taylor and his delegation.

Gentlemen, we have had a communication from the United Packinghouse Workers of America:

Dear Mr. Slack,

Mr. Lenglet asked me to forward the enclosed copies of our brief to the agricultural and colonization committee on humane slaughtering with the request that it be read into the records. Mr. Lenglet regrets that he will be unable to attend the sittings of the committee.

Your very truly,

(Sgd) D. Kaschte
Secretary.

We have a brief here from the United Packinghouse Workers of America. Is it agreed that we print this brief as an appendix to this day's evidence?

Agreed.

The CHAIRMAN: Gentlemen, we have Mr. Stratton here, who is president of the Humane Slaughter Association of Vancouver. Mr. Stratton has just come in from British Columbia to give evidence. I will ask him to speak now, followed by Colonel Taylor. When Colonel Taylor has submitted his brief, I will throw the committee open for questions and answers by representative witnesses.

Mr. P. R. U. STRATTON (*President, Humane Slaughter Association of Vancouver*): Mr. Chairman and gentlemen: I much appreciate this opportunity of appearing before your committee, as the matter which you are at present considering is obviously one of close concern to our association. You should all have received a copy of a brief presented by our association to this committee, and I do not propose to go over the same ground covered by that brief. I propose, rather, to deal with points which have come up since that brief was written.

Mr. BROOME: Mr. Chairman, could I interrupt for one moment? The brief will not appear in the minutes of the committee unless it is either read or submitted to the chairman for printing in as an appendix.

Mr. STRATTON: We would appreciate it if it could be written into the minutes.

The CHAIRMAN: Gentlemen, is it agreed that the brief be printed as an appendix to this day's evidence?

Agreed.

Mr. CHARLTON: I think the committee would like to know which brief is being referred to.

The CHAIRMAN: The first brief was the brief from the United Packinghouse Workers of America, and the brief which Mr. Stratton has is that of the Humane Slaughter Association of Vancouver.

Mr. MONTGOMERY: We have not a copy of that.

Mr. STRATTON: It was mailed to all members the best part of a month ago. We did not know at that time when the hearings were going to be held, and I propose to deal with events subsequent to that date. So perhaps our original brief could be included in the appendix, and my remarks today included in the minutes. That would suit us very well.

Mr. CRESTOHL: Mr. Chairman, I do not remember receiving a copy of that brief.

Mr. STRATTON: I have additional copies, if members wish to receive it.

The CHAIRMAN: Very well, Mr. Stratton.

Mr. STRATTON: Mr. Chairman, I do not think I need dwell on the inhumanity of the present methods. The mere fact that they have been outlawed in the great majority of civilized countries is, I think, sufficient evidence of this. Of course, the best way to judge and form an opinion is to go oneself and see a typical hog slaughtering operation. This may not be possible for every member, and so I brought along a couple of films, one showing the traditional method of slaughtering hogs, and the other the carbon dioxide anaesthetization method. The films are quite short. I have left them with your chairman, and if you would care to run through them, it might give you some clear idea of the different methods in use.

The alternative methods available to packers have been dealt with very thoroughly by other witnesses before your committee, and I do not think there is much point in my going over that ground again.

I may say that, apart from one or two quite minor exceptions, our association is in full agreement with Dr. Gwatkin's really admirable statement. I think he has done a tremendous job, and we certainly support everything he has said with, as I say, one or two quite minor exceptions. I was very glad to note that Dr. Gwatkin recommended that any regulations under the Meat Inspection Act should include the handling of the animals right from their entry into the plant up to the killing floor, because I am satisfied from my own observations that there is as much unnecessary suffering on the way to the killing floor as there is at the killing floor itself.

The layouts of a number of plants are pretty unsatisfactory in that respect, with the result that animals are subject to quite a lot of unnecessarily rough treatment. There is a marked difference in the handling of animals in Canadian as compared with European plants; there is no question about that. I might add that I have seen these alternative methods in use in plants in various parts of Europe and, while I am not a technical man, I would be glad to answer any questions in that regard.

There is one aspect of these alternative methods which I would like to go into in some detail, and that is the question of costs, because I consider that costs are basic to the whole question. I do not think anybody else has dealt with it in detail.

I might add that I am a chartered accountant by training, so naturally I am particularly interested in costs. As far as cattle are concerned, I think there is no question that the captive bolt pistol is not only more humane, but also more efficient than the old-fashioned hammer. The mere fact that so many plants have been turning over to this method is pretty good evidence of that. Also, it is equally as efficient for a small packer as it is for a large packer; there is no change in the layout required, normally, and it can be handled by anybody with reasonable intelligence.

With regard to sheep, I do not think there is any particular problem. I know there is quite a lot of research going on as to the best method of killing sheep; but there are several different methods which can be used, either on

a large scale or on a small scale. So really the question boils down to one of killing hogs, particularly in the small plants.

The carbon dioxide anaesthetization method is very satisfactory for the large plants, and even for the medium sized plants killing up to 120 hogs an hour. It is still out of the question for the small packer; there is no question about that. However, there are two other methods which are available. The first of these is the electrical stunning method, which is in general use throughout Europe and is now, I believe, being tried out in the United States. The American plants using this method have been using, I believe, a high-voltage current. While it does a good job, the equipment is fairly expensive and might not be available to the small packers. The European method, using a low-voltage stunner is, on the other hand, very inexpensive. The tongs and the transformer only cost about \$200. The current used is negligible. From the small packers point of view, a low voltage electric stunning is a very satisfactory method. There is no question about that. It is quick, clean, and quiet. There is seldom any change in the layout required, and it is economical. One man can stun up to 300 hogs an hour, which means an additional labour cost of under one cent per hog.

However there is quite a danger that if the operator is ignorant or careless and does not use the right voltage and apply the tongs properly, the hog may not be properly stunned. Therefore we prefer other methods of stunning.

However, I do not think we can rule it out as a method for small packers, because millions of hogs are stunned that way in Europe every year; and given proper supervision and proper equipment I think it is a satisfactory method. However, we prefer the other methods which are available.

Another method available for the small packer is the captive bolt for hogs. This method has been used in Europe for nearly 50 years, so we know that it works. They are starting to use it over here. I believe that Canada Packers and Essex Packers both have plants using this method. If used with the hog trap they can stun over 200 hogs an hour, which is fast enough for most plants. But it can be used without a hog trap by a very small packer. I believe the practice then is to shackle the hog before you stun it, and then you can stick and hoist it before it starts those violent reflex motions which otherwise would make it difficult. If used in that way, no difficulty should be experienced.

I am quite satisfied that shooting with a captive bolt pistol is practical for even the smallest packer. The cost of the captive bolt pistol is under \$100, and the cartridge costs about $2\frac{1}{2}$ cents. On the question of labour, it is obvious that there will be some additional cost. But let us consider the worst possible situation. Let us assume a killing rate of not more than 40 hogs per hour, which is pretty slow. That allows you $1\frac{1}{2}$ minutes to shoot the hog. Most of you could do it quicker than that, and the stunner will spend part of his time in driving in the hogs and in helping that way.

Let us assume that we are doing 40 hogs an hour. That would mean an additional labour cost of around five cents per hog. And on top of that you have the cost of the cartridge. I estimate that the cost of the cartridge would at least be offset by savings in damaged meat, blood loss, and other indirect savings.

The American Meat Institute estimated a loss through damaged hams by the struggling of the hogs on the hoist, which is pretty violent, of an amount of at least three cents per hog. Probably in many cases it would be a good deal more than that.

Then another factor is that of shackling the hog and hoisting it, which is an arduous job. The squealing and so on is also pretty unpleasant. The result is that you would get better labour conditions and probably a lower labour turnover.

So here are indirect benefits which are not included in the cost. The maximum additional cost then might be somewhere around five cents per hog, or under one twentieth of one cent per pound of meat. I do not think this is an excessive figure to ask the packer to pay. It represents about $1\frac{1}{2}$ per cent of the total cost of killing and dressing a hog.

I would like to correct a figure in our submission. I obtained a figure some time ago on the killing and dressing of a hog. The figure given was between \$4 and \$5, but I checked with our local packers and they say that it is now \$3.50. So I want to make that correction.

I have gone into the question of cost to the small packer in some detail, because it has been suggested in responsible quarters that the imposition of legislation might put some small packers out of business. I do not think there can be any question about that. The same argument was used when humane slaughtering legislation was introduced in various European countries. They found that such legislation did not prejudice the small packer, and that he was able to continue to compete just as well with the bigger packers. So I think that the argument falls to the ground.

I believe there has been some opposition to the legislation from farmers groups. I find that a little difficult to understand, because one would have thought that farmers would have been the first people who would want to see their animals killed humanely. I am sure that most of them would.

In addition, so far as I know, the great majority of farmers now shoot their animals, because not only is it more humane, but it makes the animal easier to handle. Therefore I do not think it would be imposing any hardship on farmers to require them to do it that way.

As far as the question of returns to the farmer in terms of meat products is concerned, as you have seen, even in a small inefficient operation, the difference in cost would be very low; while in a big operation,—and you must remember that it is the big packers who establish the prices—there would be practically no difference whatsoever.

As far as carbon dioxide is concerned, there will be savings in meat loss which will more than counterbalance the cost of the equipment, if American experience is anything to go by. As far as cattle are concerned, they are already using humane slaughtering methods, so there will not be any difference in prices as a result of the introduction of humane slaughtering legislation. I think that is quite certain.

I now wish to turn to the legal aspects of the problem. It has been suggested by the Minister of Justice that it may be advisable to handle the situation through regulations made under the Meat Inspection Act rather than through an amendment to the Criminal Code, for the reason, first of all, that you can spell out in detail in the regulations what is, or what is not a humane method whereas you cannot do it that way in the Criminal Code. Moreover, the federal meat inspectors can administer the regulations very easily.

Our association is in full agreement with this proposal, to the extent that we would like to see regulations made under the Meat Inspection Act. But we feel very strongly that these regulations should be supplemented by an amendment to the Criminal Code on very broad lines, something similar to bill C-32. Our reason for this is that, as you know, only 75 per cent of animals in Canada are slaughtered in federally inspected plants. That means that somewhere around three million animals a year are slaughtered in plants other than those which are federally inspected. So if there were only regulations under the Meat Inspection Act, they would not provide effective protection with regard to local slaughtering.

In addition of course we know that all the big packers—in fact most of the members of the Canadian Meat Packers Council—have already taken steps to introduce humane methods, where they had not already done so; whereas it is primarily the smaller packers who have not shown too much interest in changing their methods.

I think you will agree that a law which only applies to the law-abiding is not very useful, and that we must cover the whole ground.

One principal objection to an amendment of the Criminal Code has been this very fact, that it is not possible to prescribe in detail in the code what is, or what is not, humane. It has to be drafted in very broad terms. So that raises a serious objection. But if you have regulations made under the Meat Inspection Act, it would make it possible for the courts to use those regulations as a guide by which to form their own opinion as to what is or is not humane. So the principal objections which hitherto have existed in regard to a Criminal Code amendment would be removed by the introduction of regulations. I think that is a very important point.

I believe quite sincerely that it would be advantageous to the packers, large and small, if the Criminal Code were amended at this time, and all packers were put in the same position, because I think it is inevitable that, once humane methods are in general use in the country, and their practicability has been proved, humane societies will lay charges under the Criminal Code, whether it has been amended or not.

If it is not amended, and we have to prosecute under the general cruelty provisions of the code, I think the process would become a long drawn out legal battle, with, possibly conflicting verdicts at the end of then—because one magistrate might decide that a certain thing was humane while another magistrate might decide that it was not—and chaos would result.

On the other hand, if we have a specific reference in the code defining in broad terms what is cruel and what is not, the packers will know just where they stand and they will proceed to make the changeover, instead of putting it off for a long period of time.

Once they have made the changeover, they, I believe, will be very happy that they did so. If you ask any packer in Europe whether he would care to change back to the old methods, he simply laughs at you. They would not even consider it. I am quite sure that in the long run it will be to the advantage of all packers if they make the changeover now. It would not be any more difficult to do it now than in a few years time, because the humane methods are there and are readily available.

It has been suggested, I think, that the local packer is doing only a local trade and that therefore he could be covered by provincial acts. That is quite true. But while one or two of the provinces might introduce legislation within a reasonable period, I think it might be decades before they all do so. It all takes time to arouse interest and concern. In the meantime there will be millions of animals going through what is quite unnecessary suffering.

I suggest that the federal government is the body which has the responsibility of preventing cruelty through the Criminal Code, and that it has the responsibility to take the steps to see that not only some, but all packers, use humane methods. An act is no less cruel because it is committed in one plant rather than in another. I think it is the responsibility of the federal government rather than that of the provincial governments to prevent cruelty. I admit that the easier thing to do would be simply to introduce regulations under the Meat Inspection Act. But I hope that parliament will not take the easy way out, because I am sure it is the wrong way, and I am sure that in the long run it would be much harder for everybody. Before I conclude—and I hope I am not taking up too much of your time—I would like to say a word about ritual slaughter.

In the hearings of the committee this matter has been dealt with exhaustively. I do not propose to cover the same ground that was covered by other witnesses. I think the statement by Dr. Gwatkin and also by the representatives of the Ontario S.P.C.A. could not be improved upon. I think they covered the ground very fully.

All I want to say is that our association respects the rights of the Jewish and Mohammedan people to slaughter their animals according to their religious requirements. However, we do feel very strongly, as do other persons, that the pre-handling methods should be improved and that regulations should be introduced under the Meat Inspection Act to that end.

The Jewish community has suggested that some hardship would be created in the smaller communities if legislation is introduced. The plants which are covered by the Meat Inspection Act are, I think, for the most part in large communities where the installation of a casting pen would be justified in relation to the volume of the business. As far as the smaller operators are concerned, they would not be covered. I assume if an amendment to the Criminal Code is introduced the actual ritual cut would be included as a permissible method rather than as an exemption from the methods which are proposed to be permitted. I think probably that would cover the question of the Jewish susceptibility to the implication that their methods are not humane.

If there is an amendment to the Criminal Code I think it is important that no reference should be made to the preparation for the 'cut', because in that case it would be impossible to prosecute—under the general provisions of the Criminal Code—even if one could prove that cruelty did exist.

Mr. Chairman, I think that completes my presentation.

The CHAIRMAN: Thank you.

I will now ask Colonel Taylor, president of the Canadian Federation of Humane Societies to present his brief.

Lt. Col. Richard TAYLOR, O.B.E., E.D. (*President, Canadian Federation of Humane Societies*): I believe you all have a copy of this brief. I will read it.

Mr. Chairman and members of the agricultural committee, I wish to thank you on behalf of our organization for the opportunity of appearing before you to present our views on the humane slaughter of food animals. Two very important reasons behind our desire to meet with you are found among the objects of our organization. First and foremost, our aim is the prevention and suppression of cruelty to animals and assistance in the enforcement of all national, provincial, territorial or municipal laws therefor. Next, the promotion of the enactment and enforcement of humane legislation.

The federation emphatically endorses the views already put forward by the other organizations concerned with animal welfare, that there is a great need for improvement in the various procedures now employed and leading up to the actual killing of the animals. The federation is of the opinion that in all of the preliminary steps, animals endure unnecessary pain and suffering, all varying in the degree according to the equipment being used, and the ability of the operator or his efficiency in performing his work. The least pain is generally due to failure in his attempts to bring about unconsciousness of the animal where that is sought, or in swift and efficient use of the killing instrument where pre-stunning is not sought. The greatest pain is caused by the shackling, hoisting and hanging of the live animal while it is still conscious. The federation is convinced that the continued use of this last mentioned procedure constitutes a disgraceful blot on our vaunted civilization.

This federation readily accepts the view that the ritual slaughter practiced by the Jews is among the most humane methods currently in use—but deplors the apparent satisfaction, expressed by the Canadian Jewish Congress in its

brief and through its spokesmen, with shackling and hoisting as prehandling methods. (See pages 70 and 71 of minutes of proceedings and evidence April 14.)

The federation realizes quite well that total elimination of pain and suffering cannot be accomplished by any technique presently known, but the federation wishes to go on record that any legislation, enacted by this parliament which will result in the greatest reduction of pain and suffering to the animals during the steps leading to actual slaughter, will be welcome. It will be regarded as a long step in the right direction.

The federation also recognizes the jurisdictional and technical difficulties involved in drafting suitable legislation as mentioned by the Honourable Minister of Justice and the difficulties in enforcing certain kinds of legislation. The federation believes, however, that legislation enacted by the dominion parliament allowing the governor in council to deal with the subject by regulations would be the most effective approach to the problem. Such regulations could be drafted so as to take care of regional or other differences that may be found to exist throughout the dominion as well as differences in treatment that may be required for different species of animals; they could be easily amended if found unsatisfactory in any respect; they would be administered by a single authority and would contain such a degree of flexibility that would ensure the utmost in the attempted solution of the problem. These regulations could contain legal sanctions that would ensure compliance.

Finally, those regulations would likely provide a yardstick for measuring need in dealing with parts of the general that do not lie under dominion jurisdiction.

I have with me today Dr. Cameron, the director-general of veterinary services for the dominion and Mr. Gunn, Q.C.

I thank you.

The CHAIRMAN: Gentlemen, you have heard the brief presented by Col. Taylor.

Are there any questions that members would like to ask either Mr. Stratton, Col. Taylor or his associates?

Mr. BROOME: There is one question I would like to ask Mr. Stratton. He mentioned the additional cost of five cents—which is mainly labour cost—in killing because of the slow killing rate. He then mentioned the matter of the time now consumed in shackling and dragging the hog. It seems to me that the extra five cents cost in the actual killing procedure would be offset by the time savings in the shackling and dragging of the hog. Therefore I imagine the labour cost would work out about the same.

Would Mr. Stratton comment briefly on that?

Mr. STRATTON: I think a lot depends on the type of operation. In electrical stunning today the operation is speeded up because the hog is easier to handle before-hand, and is inert when it goes to the sticker for sticking. However, in a small operation it is very hard to say. I would say in the small operations speed is not as important a factor as it is in the large plants. The fellow who is doing the stunning will be helping with the driving, and so on, and you cannot really divide up the operations.

To be honest, at the present time I do not think they waste much time in the shackling of the hog. Time will be saved in the sticking and probably in the driving because the hogs are at present panicked and are hard to handle. It is very hard to say. I still maintain that a few cents more or less per hog is not going to make too much difference to the packer's over-all cost. It is quite a small percentage of the total cost of killing and dressing. The stunning operation is a very small part of the total operation.

Mr. HALES: I would like to ask Mr. Stratton a question. You stated that you felt it would not be too much of an added cost to the small packer. I would

like to know their viewpoint. I am not at all sure about this. I think perhaps it might be a large cost. We do not want to pass any legislation which will prohibit small enterprises. Do the small packers in any province have an organization which we might ask to appear before us to give us their viewpoint? We have only heard your viewpoint. I would like to hear what they have to say about this.

Mr. STRATTON: I do not know of any organization of small packers. If we had one, we might have had some communication with them. I can only speak from experience in respect of European operations which are mostly small. Also I have been in correspondence with a small packer in the United States who kills about 40 hogs an hour, which is a slow rate. I believe I have the letter with me and perhaps I might read it. This is a letter from the Oldham's Farm Sausage, Maryland, dated November 7, 1958, commenting on their hog operations. It says:

We drive the hog into a very small pen, then shackle the hog and as the hog starts to being lifted we stun the hog with the bolt pistol, then as the hog reaches the bleeding rail the hog is stuck.

We slaughter about 40 hogs per hour and just two men carry on this operation. One thing for sure, we do not have the blood splash as bad as we did years ago when we just stuck the hog when alive.

The cost of the shooting is very small. In fact, the cost is only three cents per hog, and it is worth more than that to just keep the squeal out of the building.

I have also the testimony from any number of small English hog killing plants. These are fairly old, because most of them in recent years changed over to electricity. However, I can give you quite a number of those who have expressed their entire satisfaction with the captive bolt pistol method. Of course, I do not think the small packers in Canada would be in a position to say one way or another, because they never tried it. As you know, Canada Packers and Essex Packers are using it and it is I believe working all right.

The CHAIRMAN: Mr. Hales, I might say the Domestic Meat Packers Association in Canada requested a hearing before this committee. They represent the smaller packers. We received a telegram from them, as follows:

Dear Mr. Stanton:

Briefs as reported in *Globe and Mail* April 24 presented by Canadian Federation of Agriculture and Interprovincial Farm Union Council cover all the points we had prepared for presentation to you Tuesday. Thanks for giving us opportunity to be heard. This will save your committee's time listening to our duplicate points.

Domestic Meat Packers Association.

Mr. MACLEAN (*Winnipeg North Centre*): I would like to ask Mr. Stratton three related questions. You agreed in your brief with the fact that regulations under the Department of Agriculture would be effective. You also stated you would like to have amendments to the Criminal Code. First of all, I would like to know if such amendments were made?—Enforcement of the Criminal Code *il* under provincial jurisdiction and most of the attorney-general have stated their opposition to any sort of amendment—I would like to know how you would have the Criminal Code enforced. How would the Criminal Code exclude farmers killing on farms? You also stated that exceptions could be made in regard to ritual slaughter. If you put that in, are you not saying that ritual killing is inhumane, and you are treating it as such?

Mr. STRATTON: So far as the provinces are concerned, I do not know just what the attorneys-general reactions were to the bills. I do not think they were

enthusiastic about the prospect of enforcing them. However, I would assume, as in other cases of cruelty, the prime responsibility would rest with the humane societies. That is certainly the case in connection with dogs, cats and so forth—you do not very often have the police force looking after these matters—and I assume the same thing would apply in the case of food animals. In that regard, I do not think there is any difference at all. Presumably, if the humane societies are not on the job, as in the case of dogs and cats, that cruelty would continue. So I do not think we can say that the mere fact that the provincial governments are not enthusiastic about having to administer an act, which would mean more work for them, is conclusive. I think it is up to the humane societies to see that the code is enforced. Their job will be very much easier if they have something specific to enforce rather than a vague term like "cruelty". Cruelty is a very vague term and can be interpreted in different ways in different courts. That is why we feel an amendment is very necessary. In regard to farm animals, I do not suppose humane societies are going to poke their noses into every farm to see how they are killing animals.

Mr. HORNER (*Acadia*): There are the law enforcement officers as well.

Mr. STRATTON: I did not know we had that many officers. Are not most farmers killing animals by shooting them? I have talked with the Ontario S.P.C.A. and the British Columbia S.P.C.A. and they tell me the farmers generally kill their animals by shooting. If some farmers are using this method, I cannot see why others cannot. What is the difference between stringing up a hog or a dog? It is just the same, if they have an alternative which is better and more humane. I do not see that there is any particular argument there. However, I may be wrong; I am not a farmer but I do not think they are going to suffer any hardship that way.

I will now deal with ritual slaughter. I am afraid in that connection I did not make my remarks very clear. I suggested the ritual cut as such should be treated in the amendment of the Criminal Code as an additional permissible form of slaughter, additional to "shooting instantaneously" or "stunning humanely". If, the ritual cut is treated as another permissible method rather than as exemption to permitted methods this would overcome the difficulty of its being branded as an inhumane method.

Mr. HORNER (*Acadia*): I find that you are drawing a very narrow line, Mr. Stratton. You read a letter—and I assume you are in agreement with it—which says it is a humane method where the hog is shackled and then stunned. You are saying this cuts out the squealing, which no doubt it does. That is the present way a hog is butchered in a great many plants. It is shackled and stunned by sticking. He is saying that sticking is not a humane method, that they have to tap him with a bolt pistol. Then on the other hand he is saying that the cut employed by the kosher method is a humane method. It is simply bleeding and not much different than sticking. A very fine line is being drawn there.

My further question is in regard to cost in installing equipment in small operative plants. I understand that hogs butchered with the carbon dioxide method would not increase the cost too much, but in a smaller plant they would have to be placed in a casting pen. I have not heard anyone state the actual cost of a casting pen. I would like to know how much it costs.

In regard to the Criminal Code, I fail to see where Mr. Stratton feels that under the Criminal Code he would get more enforcement over and above the 80 per cent group than he would under the regulations of the health of animals act. I fail to see it because, as you pointed out, you did not know there were that many officers who would go to the trouble of checking smaller plants and farms. I do not think they would; but a case might come up where some poor farmer is subjected to the treatment of going to trial and everything else. He

is made the goat for all the rest of the farmers in the district or province. That is the thing I have always been against—government putting legislation on the books and then not enforcing it, or only enforcing it on rare occasions, thereby making some subject to changes, while there is no action taken against others.

Mr. STRATTON: In dealing with those points, I think Mr. Horner is confusing the issue a little in regard to the shackling of hogs. The cruel part comes in the hoisting and not the shackling. The actual shackling just involves putting a chain around the hog.

Mr. HORNER (*Acadia*): It is pretty hard to distinguish between shackling and hoisting at a certain time.

Mr. STRATTON: Immediately the hog starts to leave the ground you are hoisting. It is during the hoisting that the real cruelty arises.

Mr. HORNER (*Acadia*): In order to use that method you would have to have an inspector standing there to make certain the hog was stunned before it left the ground. He would have to make sure every time. It would be much easier to state he is stunned before shackling.

Mr. STRATTON: I am thinking in terms of the packer. I want him to have an efficient operation because, if it is not, we are not going to get humane stunning. There is no question that where you are not using a pig trap it is better to shackle the hog before you stun it, because if you wait until after, you get these violent reflex actions and it is hard to shackle, stick and hoist it before these reflex actions start. As you know, in the federally-inspected plants there will be inspectors in attendance and they can see that these methods are carried out correctly.

Mr. Horner made reference to a casting pen. Presumably, he was referring to hogs. Of course, the Jews do not eat pork, so I think that question is answered.

Mr. HORNER (*Acadia*): That was not what I was referring to. Maybe casting pen was the wrong expression to use. But in a small plant they would have to run the hogs into that small pen to stun them.

Mr. STRATTON: As they do at present.

Mr. HORNER (*Acadia*): And as I understand it the sides fall out, the hog rolls out, they shackle it and up it goes.

Mr. STRATTON: As I was saying, in a fairly high speed operation a hog trap is necessary, but in a small operation you do not need a hog trap. There is no difficulty at all in operating from a small pen, if you shackle the hog beforehand. In other words, there would be no change in existing layout required any more than there would be in the case of electrical stunning where, provided the pen is small enough, they can stun them just as well as in a hog trap.

Mr. CHARLTON: How would Mr. Stratton draw up legislation or regulations to say that shackling and hoisting were inhumane and still allow the small packer to use a shackle even though he stuns immediately after he puts it on?

Mr. STRATTON: I would omit "shackle". I would use the word "hoist." The third point is, how are we going to cover the other 25 per cent? I think the figure is 25 per cent rather than 20 per cent. It is 20 per cent of the meat but 25 per cent of the animals. That is a large number of animals—approximately three million. How would they be covered under the Criminal Code? It seems to me if you have only a general provision saying that cruelty is a criminal offence, the small packers are not going to do much; they will still carry on the same way. But if you have a provision saying it is an offence not to stun an animal or not to kill it instantaneously, that is much more specific; I think they will fall into line without too much inspection by humane societies, police, or others. However, you cannot do it without some specific wording to that effect.

Mr. CRESTOHL: At the beginning of your testimony you mentioned there is inhumanity and suffering in connection with animals before they are slaughtered; would you describe that to us? I am referring to the time when the hog arrives at the abattoir. Was not that the procedure you were referring to?

Mr. STRATTON: I think Dr. Gwatkin dealt with that very much more factually than I can; he has witnessed a great many operations. He referred to the question of slippery floors and steep gangways. That means that if the animal falls he becomes panicky. There is also the question of cripples coming out of the cars or becoming crippled on the way. The question of handling them unquestionably has been unsatisfactory in the past. I have seen it myself in some eastern plants. However, that was some years ago. I am glad to say our western plants are handling them pretty well now. But at that time there was quite a lot of unnecessary rough treatment which was due largely to the layout. If that layout can be improved so that we have a smooth operation, the animals will not panic and, of course, in the long run it pays off. It is easier to handle animals that do not panic. We talk about our wild cattle; this is largely due to the fact that they receive rough treatment and are, therefore, hard to handle when they get to the pen. I have seen that from actual experience. It is the cattle which have been pushed around that are hard to knock, because they are so restive. If you could eliminate that treatment, things would be a lot better. You can see the difference in European packing houses. The animals whether they be hogs or cattle, are more docile, but this is partly because they are more gently handled and they move forward in an orderly manner. In regard to hogs, it is the squealing that frightens them. They know there is something wrong and they get panicky as soon as they get into the plant.

Mr. CRESTOHL: I think the committee would agree generally with what you have told us. Would you carry your thinking one step further. Before you can stun an animal you have to get his head to become almost immobile; otherwise you are going to miss your chance, and you are going to have to do it a second or a third time, as Dr. Gwatkin, or another gentleman, described to us.

What do you suggest should be used for cattle in order to freeze their heads and make them completely immobile in order to make certain, with one shot, that you have done what you intended to do?

Mr. STRATTON: There, again, I think it is partly a question of handling them while they are on their way up to the knocking box, or stunning box, because if they are scared or panicky they will be restless in the knocking box. That is possibly the main point. If you can avoid that, you will not have too much trouble.

Other methods have been used. You have heard, I think, about the bright light, which may or may not work. I have not seen it, so I am not in a position to say. In England they use what they call a "gripper gear," which holds the animal around the neck, or the torso. That works very well. Whether it will work here, I do not know, because the cattle might be stronger here and it might not stand up to that sort of treatment. In England it works very well. But a lot of them do not use it, because they do not need it; they do not find it difficult to shoot beasts in an ordinary pen. All the bigger plants in Canada are using pistols now, and apparently they are not having much trouble, so I do not think it is too much of a problem.

Mr. CRESTOHL: When you speak of shooting, you speak, of course, of putting the muzzle of the shooting instrument right up against the head of the animal. Is that also the procedure on farms, where they have not adopted these pens?

Mr. STRATTON: I assume that where you are just killing for farm consumption, you shoot them with a rifle, as far as I know. As I say, I am no expert

on farm killing, and you probably know much more about that than I do. But some of them may have pistols; I do not know. I think most of them just shoot with a rifle.

Mr. CRESTOHL: Shooting with a rifle does not always cause immediate death, unless you hit a vital spot.

Mr. STRATTON: That is true.

Mr. CRESTOHL: It is quite possible that you would have to shoot an animal a second or third time. That is most inhumane, is it not?

Mr. STRATTON: There is inhumanity in any method. With the captive bolt pistol—even with carbon dioxide anaesthetization—you can still get error, and you cannot eliminate every single error by legislation. All you can hope to do is get the best possible method.

Mr. CRESTOHL: This has already been mentioned at the committee sessions before, the inhumane treatment which results from hunting from a distance. Have you done any work to legislate against hunting, because that, too, can cause serious suffering to an animal?

Mr. STRATTON: Well, Mr. Chairman, I would certainly like to see our hunting laws tightened up to make sure that anybody who does use a gun knows how to shoot straight. But I think it is not too relevant to the question at issue.

I am thinking primarily of packing houses; and if you omit the farmers, it certainly would not worry me. But if you wait to correct one evil until you have corrected every evil in the world, you will never make a start at all. So if we can start with our packing houses, maybe we could clean up our hunting later on, if that is a serious problem.

Mr. JORGENSON: This would defeat amendments to the Criminal Code, would it not? I think you realize the difficulties of enforcing legislation under the Criminal Code as compared to amendments or regulations within the methods of handling animals.

Mr. STRATTON: I am not a lawyer, so I do not know whether or not you could limit it to packing houses. You could, presumably, say that any animal slaughtered in a packing house must be slaughtered in some way or another. But I do not know, quite honestly.

Mr. JORGENSON: But that could be done simply by regulation. If you were to do it by legislation, or amendment to the Criminal Code, you would have to include everyone, including farmers.

Mr. STRATTON: I do not know. That is something the attorney general could tell you much better than I can.

Mr. JORGENSON: You could not make legislation that would include only one group of people and exclude others.

Mr. STRATTON: Quite honestly, I do not know whether you could say, "Any animal killed in a packing house". You may not be able to; I do not know.

Mr. THOMAS: Mr. Chairman, I have several questions noted here. The first one concerns shackling. Mr. Stratton has explained the stand of his association regarding that. He has expressed the opinion that the act of shackling does not involve cruelty; that the cruelty, if any, comes from hoisting. The brief which Colonel Taylor presented states, "The greatest pain is caused by shackling, hoisting and hanging of the live animal while he is still conscious". I would like to ask Colonel Taylor how cruelty arises from shackling.

Mr. TAYLOR: I would ask Dr. Cameron to answer that.

Dr. A. E. CAMERON (*Veterinary Surgeon for the Canadian Federation of Humane Societies*): It is shackling and hoisting. Putting a shackle on a hog is not cruelty; the shackle simply lies on the ground and is ready to hook on to

the wheel which elevates the hog. When you elevate the hog, or other animal, and it is still conscious, that, in the opinion of the federation, is definitely cruel.

Mr. THOMAS: Mr. Chairman, I would like to ask Colonel Taylor again: Does your association wish to imply that shackling, in itself—the act of shackling—involves cruelty? I do not see how it does. Admittedly, cruelty comes in the hoisting. But I am familiar with the process and I do not see how the act of shackling involves cruelty. Therefore, should the word “shackling” be included in any legislation which is proposed? I do not see why it should.

Dr. CAMERON: If you combine shackling with hoisting, it makes a difference. In the case of hogs and large animals, when they are manhandled they thrash around very much, very often, and it is not necessary.

Mr. THOMAS: Do you think it would be any easier if you did not use a steel shackle, but, for instance, tied a rope around one leg of an animal and hoisted it up with a block and tackle? Would that ease the situation? Would it be any easier, or any less cruel?

Dr. CAMERON: That is how farmers handle them.

Mr. THOMAS: I have never known a farmer hoist them up by one leg, or even by two legs, until after they were dead.

Then there is a question for Mr. Stratton regarding this proposed legislation. Would he suggest that the government, through legislation, should outline how slaughtering is to be conducted; or would he outline those things which, through the research of his organization, he believes involve cruelty? There is a big difference. If we try, through legislation, to tell people how it is to be done, it is going to be endless and, I think, hopeless. But if you say that it is illegal to drive a car beyond so many miles an hour, the Criminal Code tells people what they cannot do, not how they should do things. If we are to pass legislation stating that it is inhumane to hoist animals by one leg while they are conscious, have you any comments on that, Mr. Stratton?

Mr. STRATTON: Mr. Chairman, I think bill C-32 deals with the question in the way you were suggesting. It said, “It is cruel if you do certain acts”; in other words, if you hoist or stick an animal without having either killed it outright or having stunned it.

I think that is the way to handle it. In other words, you just say, “It is an act of cruelty if you do these acts without either stunning the animal or killing it outright in a humane manner”. I think bill C-32 really does cover the ground pretty well.

Mr. CRESTOHL: Mr. Chairman, I have just one more question. You described various things which are considered inhumane during the processes long before the final killing. Would you then incorporate in the law the details of all these things and say that anyone who does any of these things will be considered as having done something inhumane, in the same way as you propose doing it with regard to shackling and hoisting animals?

In other words, if there are five or six procedures, or grounds, upon which the animal is considered as having been treated inhumanely—one of them being hoisting and shackling—would you incorporate in the law each one of those which you specify and say, “Anyone who commits any of the following acts will be considered as having committed an inhumane act”?

Mr. STRATTON: Mr. Chairman, the answer is, no, I would include them in the regulations under the Meat Inspection Act. I certainly would not include them in the Criminal Code. I do not think it is practicable. That would have to be handled under the general cruelty provisions. It is going to be easier to handle those particular inhumane acts under the Criminal Code once we have humane methods of actual slaughter, because in the past, if an inspector went in and complained to the manager that he did not like the way

they were pushing their cattle around, it was pretty hard to make it stick when on the actual killing floor, there was so much gross inhumanity. But once you get humane methods of slaughter, it will be easier to check them up on handling the animals from the time they arrive until they reach the killing floor.

Mr. CRESTOHL: For instance, the undue crowding of hogs, where they jostle against each other and cause all that squealing you mentioned; is that not an inhumane way of killing?

Mr. STRATTON: If you are talking about transportation, yes; but not in the slaughterhouses themselves. I do not think there is any particular cruelty in the mere fact that sometimes hogs are pretty tightly packed. They are not there for long periods of time, normally. But there are other points—driving them to the pens—which certainly do involve cruelty.

Mr. CRESTOHL: Bringing them to the pens, for example, with a prod that is unduly sharp; or the slippery floors that you described?

Mr. STRATTON: I do not object to the electric drover, provided the current is right. And I think Dr. Gwatkin said there should be no amperage. But in some cases I know they have used excessive amounts of current on animals that are soaking wet and, of course, they really do get a terrific shock. So if you use it excessively, you do get cruelty. But, normally speaking, it is a good way to get them along. They use "flappers" in England, but they are more likely to panic the animal than an electric drover. They should put in just enough current to keep them moving.

Mr. CRESTOHL: As legislators, we are concerned—as the chairman has properly said—with legislating in a way that will be all-inclusive. We cannot say, "We did not include that; we did not include the sticker, or the prod; we did not include the falling down and the bruising of the animals because there are slippery floors". All these things, you told us, are inhumane, from your point of view. If we want to legislate properly, we have to legislate to make the law all-inclusive, covering all acts that are considered inhumane.

Mr. STRATTON: Mr. Chairman, I do not think you can make legislation, certainly under the Criminal Code, all-inclusive. It is not practical. But under the Meat Inspection Act you can spell out the regulations in any amount of detail you want. That, at least, would cover a great deal of this, because it is mainly in the big plants, where they are looking for speed all the time, that you get this rough handling. It is not in the small plants.

Mr. CRESTOHL: You have convinced me that you cannot get the same results under the Meat Inspection Act that you can under the Criminal Code.

Mr. STRATTON: I agree that we need both. It is not sufficient to cover merely 75 per cent of the animals. We want to cover 100 per cent, and it may be done by using the Criminal Code as well.

Mr. MACLEAN (*Winnipeg North Centre*): Apart from the actual killing process, does the present Criminal Code not cover very well the humane treatment of animals?

Mr. GUNN: Perhaps I should attempt to answer that question. I happen to be honorary counsel of the Canadian Federation of Humane Societies. The federation does not put forward the proposition that the subject under discussion today is one which can be properly handled under the Criminal Code.

The Criminal Code has its purposes and its values. But the regulations concerning animals, the process of slaughtering and the regulation of methods to be used in the process of slaughtering in the opinion of the federation are matters which ought to be dealt with by another act of parliament. Such an act should be drawn in very general terms laying down the principles upon

which parliament believes that the process ought to be conducted, but leaving it to the governor in council to make well considered regulations applicable to various parts of the industry. Such regulations might apply various kinds of animals and to varying conditions through this whole country of ours. Such regulations would be left to the authorities—perhaps by the trial and error method—because you cannot be 100 per cent perfect at the first attempt. Such a method would allow you to look at the regulations from time to time—every few months if necessary—when the holes could be patched up, and the whole legislation gradually made to take the form which would be most appropriate to our Canadian economy. Thus would be brought about the result we are seeking, namely, the elimination as far as possible of pain and suffering, connected with the processing of food animals from the time they leave the ranch or the farm, and the time they arrive at the point of slaughter.

Mr. MACLEAN (*Winnipeg North Centre*): But apart from the process of slaughtering, I wondered if your federation agreed with the provisions in the Criminal Code at the present time governing the humane treatment of animals?

Mr. GUNN: Yes. I think the federation does agree with them but perhaps with one exception. That section of the code as it presently stands deals with the subject in a reasonable way, but there is one exception, and that concerns the use of the word "wilfully", the wilful causing of pain. I have forgotten the exact words of the section; but the wilful causing of pain to the animal is a crime. It is very difficult to prove that pain which is caused by drovers or workers in the abattoirs and other people transporting the animals by truck or by rail, could be regarded as wilful. It is not right.

Mr. MACLEAN (*Winnipeg North Centre*): Yes.

Mr. CRESTOHL: Would you have the law read that if the cause of pain is accidental, the person who accidentally caused the pain should be punished?

Mr. GUNN: That is enlarging the question.

Mr. CRESTOHL: It would be just the opposite to wilful.

Mr. GUNN: It is hard to say what ought to be done in that case, where it is carelessness or negligence on the part of the person handling the animal. Call it negligence if you like, or something in that field. You and I as lawyers know that it is a difficult matter.

Mr. CRESTOHL: That is why I checked on that point.

Mr. STRATTON: I think I was included in that question—although I am not just sure which phases of handling the animal you were referring to. But if it is not the actual slaughtering, no, I would not be in a position to speak. I believe our inspectors feel that the question of the transportation of animals is not too well covered under the code at the present time, but that is all I can say.

Mr. HORNER (*Acadia*): My question refers to the controversy over whether legislation should be brought under the Criminal Code or not. Mr. Stratton is perhaps the first witness to appear before us and come right out and really advocate legislation under the Criminal Code. I find it quite interesting, because of his earlier remarks that he did not want to see the legislature take the easy way out. Yet he just stated that coverage under the Criminal Code would not be too good, and that coverage would be a lot better made through the Department of Agriculture. Does he not say on his own admission that this is the best way? Does he think that the Meat Inspection Act would cover one particular body while the Criminal Code would lap over and cover the part that was missing?

Mr. STRATTON: That is it exactly. I think that an amendment to the Criminal Code would fill that gap of 25 per cent; and three million animals a year is a lot of animals. That is the whole point. I think, as far as the bulk

of the animals is concerned, the Meat Inspection Act is the way to handle it. But we must cover that balance of 25 per cent.

I might say that if our association is the only one which has made a particular point of this question, I think it was partly because this suggestion is an alternative one, and as it came up only recently, the other organizations probably have not had time to go into the question. But I have spoken to the executive directors of both the British Columbia and the Ontario societies, and they feel quite strongly that this is the answer, and that we do need an amendment to the Criminal Code as well as regulations made under the Meat Inspection Act. That is a point I should have brought out in my statement.

The Ontario and the British Columbia societies have been the leaders in this appeal for more humane methods of slaughtering.

Mr. HORNER (*Acadia*): You refer to bill C-32 which was put on the order paper last year. Reference was made to shackling as being excluded as far as humane methods are concerned. Would you disagree with that piece of legislation in that respect, or do you think that shackling should be left in?

Mr. STRATTON: I would be happy to see shackling left out. I think it would be safer, because in some cases you may want to shackle a hog before you shoot it.

Mr. CRESTOHL: May I ask another question or two? Do you think it is possible to eliminate all pain to the animal in the process of bringing it to slaughter? I mean 100 per cent of pain?

Mr. STRATTON: That is a very difficult question to answer. Yes, I think under ideal conditions it is, as in some European plants where you have domesticated animals—but do you include mental distress? That is important.

Mr. CRESTOHL: I spoke of 100 per cent, complete.

Mr. STRATTON: I think where the animal is used to being handled by human beings, and it is put gently through the various processes to the stunning point. I think it is possible.

Mr. CRESTOHL: You think it is theoretically possible?

Mr. STRATTON: Yes.

Mr. CRESTOHL: Mr. Gunn was very explicit when he said that the object of the society is to eliminate as much suffering as possible in bringing the animal to slaughter. That clearly is the position of your society. It is a very laudable one, and I certainly agree with it. But we draw certain conclusions from it: that it might be possible to eliminate all the pain and suffering or as much as possible.

Mr. HORNER (*Acadia*): I was going to ask Mr. Cameron or Mr. Taylor if they thought that shackling should be left out, if legislation were brought down under the Criminal Code?

Mr. TAYLOR: Dr. Cameron has had wide experience in the matter, so I shall ask him to answer your question.

Dr. CAMERON: Shackling is always associated with hoisting. If you put a shackle on an animal—if it is a hog, and it cannot move around, it would scarcely be inconvenienced. But immediately you put it on the wheel to convey it up—something which until recently was quite current, and where as it passes it is stuck and bled—that is the hoisting, actually, and the shackling of the one leg—then it is cruelty.

Mr. HORNER (*Acadia*): I have put shackles on animals such as horses and cows. I do not think I have ever put them on a live hog, but there is generally a certain amount of kicking and fuss, particularly when the ends of those shackles are tied to something, because ultimately you have to tie them to

something. If they are tied up fairly high, then the hind legs come off the ground, and he has to come back. Would you classify that as partly hoisting? I think it would be hard to determine.

Dr. CAMERON: In the handling of hogs particularly, until quite recently the shackle had a ring at the end which was put on a hook on a wheel which never stopped moving. Then the hog was yanked off its feet on to the wheel on to a greasy roller while it was still conscious, or in the case of its coming out of that anesthetization chamber the animal was unconscious while it was being put on the wheel or shackled, and this need not necessarily be cruelty.

Mr. HORNER (*Acadia*): I agree, but it is hard for a legislative body to bring in legislation which would determine exactly when shackling becomes cruelty and when it is not.

Mr. CHARLTON: If we are going to go into the question of shackling and hoisting, a shackle is no good, and it does not serve any purpose until it is tight, and when it becomes tight, it would probably be tied to something; and if it becomes tight, I suggest it might be cruel. How are we going to legislate if we leave out the word "shackling" and permit shackling.

I do not know whether Mr. Stratton has ever seen this process of killing in Maryland where they are shackled before they are stunned. But I suggest that if you shackle a hog or any other animal, it does no good unless it is tight. So there must be some amount of pressure put on that shackle if there is to be any value in it, otherwise it would not be necessary to put it on.

Mr. STRATTON: I have not seen this operation in Maryland, so I can only speak from hearsay. I do not think it is necessary that the hog should be dragged around when it is shackled in a particular case like that I think what actually happens is this: one man puts the shackle on while the other man is standing ready with the gun. The fact that the hog is being shackled distracts the hogs attention which makes it easier for the man to use his gun, and bang, off it goes. I would not like to get into an argument about that, however, because I do not know.

Mr. CHARLTON: I think anyone who has handled a hog knows that once you have put anything on his feet or any part of him, the hog is going to begin to move. He is not going to sit still while you put shackles on him.

Mr. STRATTON: I myself have seen quite a lot of shackling. If the hog is along with several other hogs, it cannot move too far, and by that time you probably have shot it.

Mr. CHARLTON: But the shackling must be carried out. Do you agree with that?

Mr. STRATTON: Yes.

Mr. CHARLTON: That is to say that putting on a shackle in itself may not be cruel, but for the shackle to be effective I assume it would cause some pain.

Mr. CRESTOHL: There is no squealer like a hog.

Mr. CHARLTON: I suggest that in legislating we must be very careful with the wording. If you include the word "shackle", even in the Criminal Code you would be leaving a loop-hole which would be very difficult to define in a fine line between cruelty and non-cruelty.

Mr. STRATTON: I myself would be inclined to omit it.

Mr. CHARLTON: Surely we can find other means of restraining where shackling would be unnecessary. Mind you, I want to be very careful in this legislation, that it should not harm or in any way make uneconomical the small packer's operation. However, I think there are other cheaper ways of holding the hog of of causing him to be immobile enough to use a captive bolt

pistol. Is there any other method which would be satisfactory, without having to put shackles on the hog before he is stunned?

Mr. STRATTON: I do not want to prolong this argument. But my feeling is that if we amend the Criminal Code we must be fairly general and must not tie down things too much. As far as the regulations are concerned we can specify exactly how the shackling can be done. In the Criminal Code I would be inclined to eliminate the word shackling.

Mr. CHARLTON: Mr. Gunn has said he has had difficulty in getting prosecutions under the present Criminal Code, otherwise they would not be asking that it be changed. Is it the word "wilful" with which you are having difficulty in the Criminal Code in getting convictions?

Mr. STRATTON: Our association a year or so ago brought in a test case against two packers in Vancouver in connection with hog slaughtering operations. We certainly established the fact that there was suffering. But we could not establish the fact that there was unnecessary suffering because the magistrate who heard the case had not seen any alternative methods in operation. At that time in Canada they were not in operation. So we did not secure a conviction. As long as the wording is so vague, I am afraid we will run up against that problem again. That is why we are very keen to see in the act something which is a little more specific and which will give us an opportunity to secure a conviction.

Mr. CHARLTON: You are speaking of the Criminal Code?

Mr. STRATTON: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): Do you want the Criminal Code to be general in its application? How can you have a provision in the Criminal Code which is general and yet specific?

Mr. STRATTON: Are you now referring to shackling?

Mr. MACLEAN (*Winnipeg North Centre*): I am speaking of inhumane slaughter.

Mr. STRATTON: I am suggesting it should be general in the sense that we cannot specify every such case of cruelty. All we can cover are the main requirements that the animal should be either stunned or killed outright in a humane manner before hoisting and/or bleeding.

Mr. W. G. GUNN, Q.C. (*Honorary Counsel, The Canadian Federation of Humane Societies*): May I make one point clear in respect of the federation's viewpoint on this matter. We go along with Mr. Stratton quite a distance. But I do not think we go all the way in respect of the Criminal Code being applicable in any area over which the dominion parliament has no jurisdiction.

As you all know, of course, under the Criminal Code, jurisdiction is broad as to crime. But in the view of the Federation the slaughter of animals in a province is a matter of provincial concern. I think most people agree that if the Dominion attempted to legislate in that field there would be difficulty and the legislation might well be ultra vires.

The Federation does look forward to a time when the provincial authorities will bring in suitable legislation to minimize the suffering of animals on their way to the slaughtering block.

As we attempted to point out in the very last paragraph of our brief, any legislation which is promoted by the dominion parliament will serve as a sort of guide, a signal shall I say, to provincial governments which may come to that point of view some time in the future.

Mr. CHARLTON: Would you suggest we would not have authority even under the Meat and Canned Foods Act without having some export meat killed in those plants?

Mr. GUNN: I am not very familiar with it, but I think that particular act only extends to the regulation of the process of killing cattle for export or interprovincial trade.

Mr. CHARLTON: It is true that in the plants where we have inspectors, much of the meat would not be shipped out, but because of the very fact that we have inspectors in that plant do you not think that would mean that the provincial governments would not interfere with those inspectors and say you have no jurisdiction over this because it is not going out of the province?

Mr. GUNN: That would be largely a matter of cooperation between the dominion and the province.

Mr. CHARLTON: Yes. I think that Dr. Cameron will agree with me that we have always had very good cooperation from the provincial governments in regard to the inspecting of the plants.

Mr. GUNN: I do not think it would be possible for the inspectors to say that that or other meat is now available for use only within the province or for export or otherwise. It would be practically impossible to distinguish between kinds of meat.

Mr. CHARLTON: Your association is reasonably well satisfied with these regulations under the Meat and Canned Foods Act and that we will be able to control practically 80 per cent of the production. The figure 75 per cent was used, but I suggest it is closer to 80 per cent.

Mr. GUNN: I would not like to go that far. As I said, I am not sufficiently familiar with that particular act to know its scope. All I can say is that the Federation believes the Dominion can, by enacting a suitable, general law, provide a vehicle under which regulations can be devised for use at various places throughout this vast dominion of ours in the large slaughtering houses such as we have in Montreal, Toronto and Vancouver, and in smaller places and so on. In other words, try to fit the law to the conditions found in any particular locality.

Mr. THOMAS: Mr. Gunn is inclined to tell us he does not think this matter can be successfully cured under the Criminal Code.

Mr. GUNN: Certainly that is the viewpoint of our Federation. Perhaps it could be done piecemeal but not wholly. That is not sufficient. There is a grave danger, in my humble opinion, of running into the doctrine which is ultra vires.

Mr. STRATTON: There is something in respect of Mr. Gunn's statement which I wish to have clear in my mind. Do I understand that your federation feels a special federal act is required to cover the whole ground rather than an amendment to the Criminal Code? In other words you feel it is desirable to cover all animals and not merely the animals handled for the export or interprovincial trade?

Mr. GUNN: We are quite prepared to leave it to the Department of Justice to devise a suitable act to carry out the wishes of this committee generally, on this subject.

Mr. CHARLTON: But not as part of the Criminal Code?

Mr. GUNN: I do not think it is necessary to touch the Criminal Code for this particular aspect of the problem. It might be necessary in certain other aspects where we have been unable to get a conviction because of the word "wilful" being in there. You cannot prove intent to be cruel.

Mr. CHARLTON: But how can we have jurisdiction over interprovincial trade under any other act better than under the Criminal Code?

Mr. GUNN: We have no jurisdiction at all, in my opinion, over animals for food unless exported beyond the province. We can only cover a certain area, the 80 per cent of the livestock which is slaughtered for export or for

interprovincial purposes. It may be necessary to have a special act to deal with this particular subject within the jurisdiction of the dominion parliament.

Mr. HENDERSON: There was quite a lot said about the trucking of stock. In western Canada cattle are trucked from one field to another and to the pasture and back. Also when they go to the cattle shows they are trucked there and taken home. I do not see that there is any cruelty in that.

If a cow has been trucked once, she will walk right up the next time. You do not have any trouble with them. But the thing which is wrong is this method of shackling and hanging them up; it is not the trucking.

Mr. CRESTOHL: An eminent counsel such as you, Mr. Gunn, knows the term "wilful" is frequently used in the Criminal Code and is pretty nearly a *sine qua non*.

Mr. GUNN: There are distinctions of kinds of activities which constitute a moral offence or some degree of turpitude on the part of a subject. I think perhaps the word "wilful" can be properly used in that kind of a case. It does not seem to have a place in the case where we are dealing with an occupation that has such great importance as the slaughtering of animals for food purposes.

Mr. NOBLE: It has been observed here this morning that we could not make legislation that would apply to all the people who are killing. I do not think that is right, and I think any legislation we pass should apply to everybody.

My reason for saying that is this: I have been running a ranch for 30 years, and we have killed, I would say, thousands of horses. Those horses are shot. I cannot see why a farmer cannot shoot a horse, or a steer, or anything he wants to kill, and do it humanely. I think we are here to determine that these animals are handled humanely when they come to a slaughterhouse, and anything that happens before they come to the slaughterhouse is a matter for provincial legislation. If somebody in the humane societies wants to lay a charge, that is their privilege.

I think our problem here is to introduce something that is going to take care of this problem right at the point of killing, and I think we should legislate something that will apply to everybody.

This shooting is very simple. We have had people here illustrating guns for which a cartridge costs only two and a half cents, and these guns are very effective. In our case, we have killed horses for years, and I do not think that we have missed more than once out of 50 shots. We kill them with a .22 rifle. So I do not think there is any great problem, if we approach it the right way. I think this sort of thing has nothing to do with our problem here.

Mr. CHARLTON: Mr. Chairman, I think I am safe in saying that, generally speaking, the humane society is satisfied that through the Meat and Canned Foods Act is a better way to approach this at the moment. You are hoping that, by some amendment to the Criminal Code, we can make it more general?

Mr. GUNN: No, not our federation—not at all. We are not pressing for anything in connection with the Criminal Code on the subject of slaughter of animals for food purposes.

Mr. CHARLTON: You are satisfied that the Meat and Canned Food Act regulations will be the best way to do it?

Mr. GUNN: I am satisfied that that act, or a similar act passed by the Dominion parliament, dealing with this particular subject—not part of the Criminal Code, but merely another act such as the one you have mentioned—is the answer.

Mr. CHARLTON: I think that is the only available act we have into which we could put regulation.

Mr. GUNN: It may be that Act can be used. But, as I say, the Department of Justice can decide that question for us all.

Mr. CRESTOHL: Mr. Chairman, may I make one observation and not ask a question? I would like to remark that I am very pleased, as a member of this committee, that we have had a very thorough and a very intelligent discussion about the problems which this committee must wrestle with, and I certainly think that the gentlemen who are here deserve our thanks.

Mr. CHARLTON: Hear, hear.

The VICE-CHAIRMAN: Gentlemen, I agree with that observation, and I might say that today we have heard the last of the witnesses on this particular subject. I am not sure what your chairman, Mr. Stanton, has in mind for next Friday's meeting. In all probability we may go into camera in the construction of the draft bill.

There is another possibility. I think you will recall that during our first meeting Mr. Fulton suggested he might bring the two draft copies of the bills that he had had drawn up in respect of this particular problem. There is a possibility that those draft copies may be here for our consideration at that time. However, you will be notified when the next meeting will be, and you will be notified when that will be discussed. Thank you, gentlemen, and we appreciate having your opinions here today.

—The committee adjourned.

"Appendix A"

SUBMISSION OF
THE UNITED PACKINGHOUSE WORKERS OF AMERICA
to the
AGRICULTURE AND COLONIZATION COMMITTEE
on
HUMANE SLAUGHTERING

Gentlemen:

The United Packinghouse Workers of America has a Canadian membership of 22,000, organized in 150 locals throughout the country.

Through the Union contracts are negotiated with employers in the meat, fish, leather, poultry, egg and canning industries, and its primary function is to protect the interests of its members.

Additionally, the Union's job is to see that its members are protected against unfair treatment by employers, to safeguard their jobs, to handle grievances and to see that provision is made against poverty when their working days are over.

As the representative of the employees, one of the main functions of the Union is to try to improve the working conditions of its membership. We regard the conditions under which the vast majority of meat animals are handled and slaughtered in Canadian plants, and the methods which our members are forced to use, as being both a disgrace to any civilized country and an insult to those who have to undertake these tasks.

While it is true that recent years have seen fairly widespread adoption of mechanical stunning in the case of mature cattle, there has been little, if any, improvement in the manner of slaughtering calves, sheep and hogs. This despite the availability of efficient, practical humane methods to slaughtering operations of every size, from the smallest to the largest.

The majority of our members are still compelled to undertake tasks dangerous to themselves and brutal to the animal. That these tasks are dangerous and nauseating is exemplified by the fact that men do not remain at them longer than possible, preferring to take other jobs immediately seniority enables them to do so.

Perhaps one of the dirtiest, noisiest and most degrading jobs to a man is work in the shackling pen. Here he has to shackle the hog, drag it to the hoist by a chain attached to a kind leg and be kicked, bruised and cut by the squealing, agonized animal as it is jerked aloft on its journey to the man who sticks knife into its throat. The man who has to do this—the sticker—must wrestle with a fully-conscious, writhing, squealing beast and endeavour to sever the great blood vessels of the neck. He is covered with blood, dirt and slime. Is this a task which any man in the year 1959 should be required to perform in order to earn his living?

The calf and the sheep meet a similar fate, under similar conditions.

In the opinion of this Union, these conditions, brutal and quite unnecessary to man and animal should be brought to an abrupt halt. In our view, no slaughtering operation any longer has the slightest pretext for their continuance.

Humane slaughter equipment is readily available for all classes of livestock, from the inexpensive captive bolt pistol to the C. O. 2 installation for large hog slaughtering operations. This being so, it is indeed hard to understand the packing industry's procrastination in the matter of their adoption, particularly in view of their highly successful operation in North American and Europe. The C. O. 2 plant is admittedly more costly than other humane slaughter methods, but it is certainly well within the means of an undertaking sufficiently large to warrant its adoption.

Finally, the United Packinghouse Workers of America requests the immediate passage of suitable humane slaughter legislation. It is further requested that this legislation ensure satisfactory installations and equipment so that it may be made possible for our members to undertake humane handling of meat animals prior to slaughter, such as attention to ramps and floors, and to abolish all hoisting of live creatures, to which practice the greatest exception is taken.

The United Packinghouse Workers of America looks forward with confidence to the support of all Members of Parliament and the Canadian public in their demand for decent treatment for man and beast.

Respectfully submitted by the United Packinghouse Workers of America.

F. W. DOWLING,

Director District 8

April 22, 1959

"Appendix B"

SUBMISSION BY THE HUMANE SLAUGHTER ASSOCIATION
to the
STANDING COMMITTEE ON AGRICULTURE
OF THE HOUSE OF COMMONS

The Humane Slaughter Association is an organization financed by charitable funds which was established in 1954 for the express purpose of encouraging the introduction of more humane methods of slaughter in this country.

Its officers have visited a number of abattoirs in Canada and in several European countries in order to obtain first hand knowledge of alternative methods. They have also studied much of the available literature of a technical nature on the subject.

Methods in use in Canada

We do not propose to describe the cruelties associated with the old fashioned methods of slaughter which have prevailed up till recently on this continent, since these have been well documented in the hearings before committees of the United States Senate and House of Representatives, prior to the passage of humane slaughter legislation last year in the United States. Slaughtering methods in the U.S.A. differ little from those prevailing in Canada. Excerpts from the above evidence are given in Appendix "1".

If, after reading this testimony, any member still has doubts on the point, we would respectfully suggest that he visits a packing house where they are still killing hogs in the traditional style or where ritual slaughter is being carried out.

Alternative humane methods.

In 1955 the Canadian Meat Packers Council and the Ontario S.P.C.A. set up a joint committee to study improved methods of slaughter. For this purpose, they engaged Drs. Gwatkin and Tanner, federal government veterinarians of wide experience, who carried out an extensive study of the whole question both on this continent and in Europe. Their findings were embodied in a series of reports to the committee (referred to hereinafter as the Gwatkin report) dealing with each method. We propose to review very briefly these alternatives.

Cattle

The Gwatkin report recommended that cattle and large calves be rendered unconscious with a penetrating or non-penetrating type of stunner. The captive bolt pistol replaced the old style hammer for cattle in most European abattoirs many years ago. Given a suitable layout, it is easy to operate and, since only one shot is necessary, whereas several blows of the hammer may be required more rapid. Existing layouts normally require little adaptation to the use of the pistol. Recently, mechanical non-penetrating stunners have been developed in the United States, which do not damage the brain.

Mechanical stunners for cattle are now widely used in the larger Canadian packing houses. They are equally suitable for smaller plants.

Hogs

Three principal methods of stunning hogs are enumerated in the Gwatkin report. For large scale operations, carbon dioxide anaesthetization is generally regarded as the most efficient method. The hog is passed on a moving conveyor through a sunken chamber containing a concentration of CO₂ and is either hoisted and stuck, or bled in the horizontal position, before regaining consciousness. This method, developed in the United States by the George A. Hormel Co., has been adapted in Denmark to smaller scale operations and one of the Danish units is now operating successfully at Canada Packers Toronto plant.

Electrical stunning of hogs has been widely used in Europe for many years. A low voltage current is passed through the brain of the animal by means of a pair of electrically charged tongs, prior to hoisting and sticking in the usual manner. Correctly used, this method is quiet, clean, efficient and humane.

Considerable prejudice has arisen against this method on this continent owing to the occurrence of 'blood splash' through faulty usage. If, however, the correct voltage is used and the hog is stuck immediately after stunning, 'blood splash' should not present any serious problem.

As the Gwatkin report points out, however, there is a serious risk of the animal not being rendered fully unconscious if the operator is careless or ignorant and this method is not to be recommended unless close supervision by qualified personnel can be guaranteed, or unless the equipment can be modified so as to make it foolproof.

The captive bolt pistol can also be used on hogs and, owing to its low capital cost and the simplicity of operation, the Gwatkin report regards it as the most suitable method for the small packer. While this method has been little used for hogs on this continent, it was wisely used in England prior to the introduction of electrical stunning, and is still used by a number of smaller slaughterers. For larger scale operations, the Schermer Co. of Germany claim that one man with a captive bolt pistol, used in conjunction with a hog trap, can shoot from 200 to 300 hogs an hour.

Sheep

Dr. Gwatkin report suggests that 'sheep and lambs might be slaughtered by simultaneous severance of the throat and spinal cord as is compulsory in New Zealand, or by shooting with a captive bolt pistol'.

Careful tests carried out in England some years ago indicated that when sheep were slaughtered by the former method, they took an average of rather over half a minute to lose consciousness. It cannot therefore be considered fully humane and we recommend that mechanical stunning be required for this animal also. The use of a concussion stunner would prevent damage to the brain.

The cost factor

Mechanical stunner range in cost from \$85 to \$285, and the cartridge which fires them costs between 2c. and 3c. In the slaughter of cattle this negligible cost should be more than offset by faster operations and lower labour turnover. The fact that an increasing number of packers on this continent have been turning over to this method voluntarily is a good indication of its efficiency.

Indications are that the majority of hogs slaughtered in the larger Canadian plants will be rendered unconscious by the CO₂ method.

Capital costs of CO₂ equipment run from \$5,000 up, according to the scale of operation. In addition there may be fairly substantial installation costs. While quantity production will no doubt tend to reduce costs, this method is clearly not yet practical for the small packer.

Figures so far available suggest that the capital cost per hog on a fair-sized operation works out at about 10 cents. Allowing 20% for interest, depreciation and maintenance, this gives an operating cost of 2 cents per hog, plus a fraction of a cent for the carbon dioxide. As a report to the American Meat Institute has estimated that the average loss per hog through internal bruising under existing methods is not less than 3 cents per hog and, since about 80% of the bruising appears to result from the struggles of the conscious hog on the hoist, savings in damaged meat should more than offset the cost of the equipment. There will also be savings on blood loss.

In large scale operations, labour savings from the use of CO₂ may be substantial (Hormel's savings have been estimated as high as 40%), but in medium sized operations, there is likely to be little change in personnel requirements.

The cost of the electrolether and transformer for electrical stunning of hogs is under \$200, while the cost of the current is negligible. The method is therefore well within the means of the small packer. An extra man is required to operate the stunner, but since one man can stun up to 300 hogs an hour and the whole operation is speeded up, the additional direct labour cost in a fair-sized operation may not exceed one cent per hog, and this will be more than offset by savings in meat and blood loss.

The mechanical stunner when used with a hog trap in a small operation will involve additional labour time, but in such operations, speed or throughput is usually not so vital a factor as in a large scale operation.

In considering the question of costs, it should be borne in mind that the actual slaughtering operation is only a small part of the total operation of preparing meat for market. We understand that it costs around five dollars to custom kill and dress a hog, so that even a difference of as much as 5 cents, on way or the other, in the cost of the actual slaughtering operation, would only raise or lower total costs by 1%. This, in turn, would amount to less than one-twentieth of a cent per lb. of meat. When one reflects that meat prices often fluctuate by 5c or 10 a lb over comparatively short periods, it is evident that the effect on costs and prices of the introduction of humane methods of slaughter will be negligible. This conclusion is borne out by experience in other countries when humane slaughter legislation has been put into effect.

Labour Conditions

The United Packing House Workers of America have on more than one occasion recorded their support for legislation to require the use of humane methods in our slaughterhouses. Quite apart from their natural desire to see unnecessary suffering eliminated, the Union has good cause for wishing to see a change in methods.

The time honoured method of shackling and sticking hogs in an extremely arduous and messy operation. To stick a struggling hog is also a dangerous business, since the knife may be reflected against the sticker. Similarly, knocking cattle with the hammer is hard and unpleasant work. It is not surprising, therefore, that the packing industry has one of the highest accident rates on the continent. Nor can any but the most hardboiled worker be completely indifferent to the screams of frightened hogs continually ringing in their ears. In short, the introduction of humane methods should cut the accident rate, reduce labour turnover and improve labour-management relations.

The adoption of humane methods

The Gwatkin report, referred to above, which was accepted by the Canadian Meat Packers Council, concluded by recommending that "All animals, with

the exception of those for ritual slaughter, should be rendered unconscious by humane methods before being hoisted or stuck”.

It is noteworthy that the major meat packers as represented by the Council have accepted unequivocally the principle that humane methods are both desirable and practicable. It is no less significant that the larger packers are already rapidly converting their plants to these methods. The ‘big three’ packers have all stated that mechanical stunners for cattle are now in general use throughout their plants. We also understand that at least two of the three (we have no information on the third) are in process of converting all their hog operations to CO₂ or mechanical stunning. Basically, therefore, only the smaller packers will be directly affected by the passage of legislation.

The small packer

We have noted in our review of methods that there are a number of humane methods available to the small packer which are perfectly practical of adoption. None of these methods, unlike those being installed in the larger plants, require any heavy capital outlay for equipment, or any significant changes in plant layout. We are satisfied therefore that no hardship will be inflicted on the smaller packer by the passage of humane slaughter legislation. This is also confirmed by European experience, where the small packer does not appear to have experienced any greater difficulty in competing with the larger plants after the passage of humane slaughter legislation than before.

The farmer

A considerable number of animals are killed on the farm. While we have not been able to obtain any figures on the point, we believe that the majority of farmers already shoot their animals before bleeding them, for the simple reason that they are much easier to handle when they are unconscious. If our analysis of costs is correct, any fear on their part that packing costs will be increased, and the return on their products thereby reduced, appears to be unfounded.

We believe also that there must be few farmers who gain their living by raising animals who would not prefer to know that the animals they ship for slaughter are killed in a humane manner.

Legislation

Virtually every country in northwest Europe, including all the Scandinavian countries, Great Britain, Holland, Germany, Switzerland and France have passed humane slaughter laws, most of them many years ago. With the passage of legislation in the United States last year, Canada now finds itself in the unenviable position of being one of the very few remaining civilized countries which have not passed legislation to protect their food animals from abuse.

We are of the opinion that Bill C32 was a good bill and we recommend that a substantially similar bill, subject to one important amendment referred to below, be re-introduced during the present session. We suggest also that the packing industry has now had sufficient time in which to make any major plant changes which may be required. There should therefore be no further delay in the passage of legislation, since each month’s delay involves unnecessary suffering for many thousands of animals.

Ritual slaughter

Bill C32 exempted not only the ritual cut, but also the preparation for the ‘cut’, from the provisions of the bill. We take strong exception to this total exemption.

We believe that death ensues relatively quickly after the ritual cut, and we do not recommend the enforcement of a legal requirement which would violate the religious scruples of Jews and Mohammedans. The business of getting the animal into position for the ritual cut is, however, an entirely different matter.

It is in general an extremely brutal process. In the case of cattle, they are shackled by one leg and dragged from the knocking pen onto the killing floor, from which they are hoisted bodily into the air, where they hang head downwards until the Rabbi is ready to administer the cut. The iron shackle biting into the flesh, the strain on the leg of a heavy animal being yanked bodily off the ground, the inverted position of the animal, and the sight and smell of blood all around, must combine to put the animal into a frenzy of pain and fear. Calves and sheep are handled in much the same manner.

That section of the Gwatkin report, which deals with Kosher slaughter, contains the following paragraph:

In the face of the available evidence and from observation of the operation, it is impossible to take exception to the Shechita as a humane method of slaughter. Unfortunately, the method of restraint for cattle in this country is not humane and inflicts a good deal of terror and suffering on the animal to be slaughtered. In the other countries visited, this has been overcome by the use of a casting pen. Such a pen, or a modification of it if the original is not strong enough, would overcome this problem. In England and the other countries visited, the pens worked admirably—

It has the great advantage that the animal need not be turned over until the Shohet is ready to make the Shechita cut whereas, under the present system, several animals may be on the rail at the same time awaiting the stroke.

The final report makes the following recommendations:

A casting pen of the Dyne or Weinberg type should be employed for the ritual slaughter of cattle.

Small calves and sheep should be held or placed in a rack for ritual slaughter.

The casting pen consists of a revolving drum into which the animal is driven. When the Rabbi is ready to make the cut, the drum is rotated so that the animal is quickly turned on its back and the neck brought into the correct position without any struggling or unnecessary delay. For small animals, such as calves and sheep, a rack is used on which the animal is placed in readiness for the cut.

In some European countries ritual slaughter has been declared illegal in toto. In others, such as England, the use of casting pens and racks is obligatory.

There is nothing we believe, in the religious observance of the Jews and Mohammedans which requires that the preliminaries to the ritual cut should be carried out in any prescribed manner, and we strongly recommend that humane slaughter legislation should contain a clause requiring that an approved casting pen or rack, should be used in connection with ritual slaughter.

The cost of an English casting pen landed in Canada is under \$5,000. This sum is not beyond the means of packers killing for the Kosher trade, if the local trade concentrated in the hands of one or two slaughterers.

If the preparations for the ritual cut, as well as the cut itself, are exempted from control by legislation, the position will be worse than if there was no legislation at all, since, these barbaric preliminaries will, in effect, receive the sanction of the law, and it will become impossible to prosecute such practices under the general cruelty provisions of the Criminal Code.

Methods used in ritual slaughter are not merely a matter of concern to the Jewish and Mohammedan population. The hindquarters of meat for the Kosher trade are, we understand, normally sold for Gentile consumption. This means that, if ritual slaughter receives total exemption from the law, the ordinary consumer will never be sure whether the meat he is eating has been humanely killed or not. We believe that the public is entitled to a definite assurance on this point.

Public Opinion

We do not need to stress the fact that public opinion strongly supports humane slaughter legislation. Members of Parliament of long standing have stated that they cannot remember having received so much correspondence on any one subject from their constituents. Wherever, in fact, existing conditions in the slaughterhouses have been given publicity, there has been a spontaneous public reaction, followed by a demand for reform.

This reaction is all the more remarkable in that there has been no well organized nation-wide campaign to inform the public of the situation, and there is no doubt in our minds that, if the facts were more generally known, the whole nation would rise up and demand these reforms.

We believe further that the larger packers themselves would wish to see the introduction of suitable legislation. These firms have expended, and are spending, considerable sums on the conversion of their plants to humane methods in anticipation of the passage of legislation, and they will now wish to see the general application of such methods throughout the industry. The packing industry has, in the course of the humane slaughter campaign, inevitably received a good deal of unfavorable publicity. If some packers are permitted to continue to use the old methods, the discouragement to meat consumption will adversely affect the whole industry.

HUMANE SLAUGHTER ASSOCIATION,
616 Province Building,
Vancouver 3, B.C.
March, 1959.

Appendix 1

EVIDENCE ON SLAUGHTERING METHODS
GIVEN BEFORE A SUBCOMMITTEE ON
AGRICULTURE AND FORESTRY,
UNITED STATES SENATE, May 9, 10, 1956.

Statement by Mr. Paul Kearney, Brooklyn, New York. Freelance writer.

"As a safety man of some standing, I was appalled at the conditions under which men work in Swift's, Armour's, Cudahy's, and Wilson's. And I could see how the United States Bureau of Labor Statistics can report an accident frequency for the meat-packing field as a whole which is 3 to 4 times greater than in the steel mills, petroleum refineries, or automobile and aircraft plants. (From Accident Facts for 1955, National Safety Council, P. 29.) This is a natural end product of the filthy, bloody, nerve-wracking procedure of killing animals in the archaic and inhumane manner which prevails.

The best proof of this is that modern, humane and efficient methods at Hormel have virtually eliminated employee accidents on the killing floor while at the same time doubling production with fewer men.

That information is from Hormel. The Oscar Mayer Co. which has also voluntarily been in the forefront in humane slaughter improvements likewise has an enviable safe record.

You will doubtless hear from other witnesses many revolting details of killing floor practices. I will cite only two incidents which I witnessed, to support my reference to the work-pressure factor.

At Cudahy's in Omaha, four hysterical hogs were admitted to the shackling pen at one time, and as they fought in a wild panic to escape, the shackler had to advance into the melee, on a floor slippery with blood and muck in order to shackle one.

By the time he got the chain fastened, that hog had wormed its way in between the two other frantic animals whose combined weight of over 450 lbs were holding it down as the wheel yanked it head over heels into the air. Why the leg wasn't torn out of the socket I don't understand. But now I do understand why the industry, not to mention the hogs, suffers from 3 to 4 million dollars worth of ham bruises annually.

At the Armour plant in Omaha, three cattle were admitted to the knocking pen simultaneously, also in a high state of panic. Despite their lunging around the knocker felled the first with one blow, whereupon the other two climbed and stumbled all over the prone body, making it impossible for the knocker to get a clean shot at them and adding to the bruise bill in the meantime.

Consequently the knocker had to hit the second and third animals 2 or 3 times each before they dropped. By this time the first one was coming to and trying to get up. And because of the difficulty in reaching it, it required nine additional blows to stun this animal.

I spent a day after that at Oscar Mayer's watching that myself and didn't see animals hit more than once.

No matter how you slice it this is brutality. I am quite sure the American housewife has no conception of these primitive methods."

*Statement by Mr. Fred Myers, Executive Director, Humane Society of
The United States*

"Hogs, of which some 50 million go through slaughterhouses every year, are killed in this manner:

Approximately a dozen animals are driven into a shackling pen—a pen about the size of a small house kitchen. There a short length of chain is noosed around one hind leg of each animal. The end of each chain is then hooked to a moving belt or chain which inexorably drags the shrieking animal to one end of the room and then upward, dangling by the shackled leg, to a floor above.

On the upper floor, still writhing and shrieking, the hog is carried before a man who is called a sticker. The sticker is supposed to plunge a broad-bladed knife into the big vein in the throat of the hog. It is not desired that the hog shall be quickly killed; the deliberate intent is that the animal shall die slowly so that the labouring heart will clear the body of blood.

Stickers in the big slaughterhouses become quite expert with practice, but often the knife fails to strike a struggling hog in the precise spot intended. Hogs frequently are struck several times in various parts of the face and head, and even in shoulders, before the knife reaches the big vein.

After a hog is stuck, the overhead conveyor moves it still further along, to a huge scalding vat. It is intended, one assumes, that a hog should have become unconscious from loss of blood and shock before it is plunged into the scalding water. Ordinary routine leaves about 5 minutes between sticking and scalding.

Not all hogs become unconscious in the allotted time, however, and at times the routine is not perfect and the interval between sticking and scalding is considerably less than 5 minutes.

There is certainly no experienced packinghouse worker, in the hogkilling department, who has not seen agonized animals struggling desperately to swim out of water that is hot enough to loosen hair. Indeed, the National Humane Society has repeatedly been told by packinghouse workers of hogs that still showed signs of life, and reflex to stimuli, after going from the scalding vats to the big dehairing machines that tumble the animals vigorously about and strip the hair from them.

The method that we have described is used, with only minor variations of technique, in all but two of the major slaughterhouses of America.

Sheep, lambs and calves are killed in substantially the same way, although they are not, of course, scalded.

Cattle, because of their size, are handled somewhat differently from the smaller animals. The almost universal routine of killing cattle begins by driving one or more animals into a knocking-pen—a pen small enough to prevent an animal from turning around. On a platform alongside and above the floor of the knocking pen stands a man who is called a knocker. The knocker uses a long-handled hammer weighing 5 or 6 lbs. to knock animals to the floor.

The objective is a blow on the upper front of the head that will floor a cow, steer or bull with a single swing. Even an experienced knocker often fails, however, and packinghouses by no means always have experienced men for this job. Inspectors for the National Humane Society have repeatedly seen knockers take 10 and more blows to stun an animal. One of our men recently saw a knocker swing his hammer 21 times before the unfortunate steer went down. The hammer often knocks off a horn or smashes a nose or eye before the knocker lands his hammer at a stunning point.

Actual counts, both here and in England, have revealed that under ordinary conditions it takes an average of more than 1.5 blows of the hammer to stun

cattle. That means, to put it bluntly, that the cattle are simply being hammered to the floor—it is a deceptive euphemism to say that the hammer is a stunning instrument.

When a cow, steer or bull has been knocked down—often obviously still conscious and bellowing in agony—one side of the knocking pen is lifted and the animal is removed, either by tilting the floor of the pen or by a chain shackle. The beef animal then is hoisted, much as pigs are, and its throat is cut. The animal dies slowly from loss of blood.

Horses that go to slaughterhouses are killed by the method used on cattle. Horses are, if possible treated even more roughly than cattle.

There can be no doubt that the methods of slaughter described, these methods being almost universally used, constitute extreme cruelty. Edward R. Swem, editor of the *National Provisioner*, leading magazine of the packing industry, has written (the *National Provisioner*, October 4, 1952) of how hogs are “chivvied up a ramp . . . hoisted kicking and twisting, to arrive at a second, third or fourth level excited and exhausted, with a spread hind and damaged hams”. Mr. Swem speaks also of “the shackling pen, with its dirt, danger, employee irritation and uneven work flow”.

It takes really rough handling to cause a “spread hind and damaged hams”. A 250-lb hog, hoisted by one hind leg, frequently fractures its own pelvis in its agonized, frightened struggles.

Further evidence of the suffering caused by shackling and hoisting of hogs while conscious is provided by a study conducted by the Animal Husbandry Department of the University of Minnesota, reported in the *Farm Journal and Country Gentleman* (October 1955). The study revealed that “the common packing plant practice of shackling hogs—hanging them up by one leg, before they are stuck—is costing the pork industry (and farmers) about \$3 million a year.” The loss results, according to the University, from damage caused to hams by internal bleeding which, in turn, is caused by the hoisting . . .

*Senator Richard L. Neuberger, Oregon**

“I sometimes think that a century or two hence our descendants on hearing of our accepted practices in slaughterhouses will look back upon the twentieth century with the same mingled feelings of dismay, abhorrence and incredulity we experience of reading of convivial crowds at a public execution 200 years ago.” . . .

“Mr. Chairman, I have talked with many of the men who work in slaughterhouses, both in my own state and elsewhere in the nation. These men, so far as I have been able to observe, are among the strong and zealous opponents of some of the inhumane methods presently employed in slaughterhouses. They rebel against inflicting pain upon helpless animals, which form the meat producers of the Nation and thus support the jobs on which these men are dependent. But the workers in slaughterhouses are not in control of those plants. They did not design the cruel front end of the production line. They cannot institute new methods of slaughter, unless their employers so dictate and decide. Once or twice I have had members of the Butcher Workers’ Union observe to me, “We realize that cruel ways of slaughter will only hurt the meat industry and promote vegetarianism among Americans. We believe that every possible humane method of killing should be used by slaughterhouses, just as soon as it is developed.”.

*Evidence on Slaughtering Methods given before a Subcommittee of Agriculture and Forestry, United States Senate, May 9, 10, 1956.

HOUSE OF COMMONS
Second Session—Twenty-fourth Parliament
1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS

No. 8

REPRINT

Including Second Report to the House
respecting
Humane Slaughter of Food Animals

TUESDAY, MAY 5, 1959
MONDAY, JUNE 15, 1959

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

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

Argue,	Hales,	Noble,
Barrington,	Hardie,	O'Leary,
Best,	Henderson,	Pascoe,
Boivin,	Horner (<i>Acadia</i>),	Peters,
Boulangier,	Howe,	Phillips,
Broome,	Jorgenson,	Racine,
Brunsdan,	Kindt,	Rapp,
Cadiou,	Kucherepa,	Régnier,
Casselman (Mrs.),	Lahaye,	Rompré,
Charlton,	Latour,	Rowe,
Cooper,	Leduc,	Smith (<i>Lincoln</i>),
Crestohl,	Létourneau,	Southam,
Dorion,	MacLean (<i>Winnipeg</i>	Speakman,
Doucett,	North Centre),	Stanton,
Dupuis,	McBain,	Thomas,
Fane,	McIlraith,	Thompson,
Fleming (<i>Okanagan-</i>	McIntosh,	Tucker,
Revelstoke),	McMillan,	Villeneuve,
Forbes,	Michaud,	Walker.
Godin,	Montgomery,	
Gundlock,	Nasserden,	

M. Slack,
Clerk of the Committee.

REPORT TO THE HOUSE

TUESDAY, JUNE 16, 1959.

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

SECOND REPORT

1. On Tuesday, March 10, 1959, the House referred to your Committee for consideration the subject of humane slaughter of food animals.

2. Your Committee held ten meetings during which it heard statements, briefs, and evidence from the Honourable Davie Fulton, Minister of Justice; Dr. K. F. Wells, Veterinary Director General, and Dr. R. S. Gwatkin, Senior Research Officer of Health of Animals Division, both of the Department of Agriculture; The Canadian Jewish Congress, represented by Messrs. S. Hayes, S. M. Harris and Rabbi S. M. Zambrowsky; British Columbia Society for Prevention of Cruelty to Animals, represented by Mr. R. C. Nerriam, Q.C.; Canadian Society for Prevention of Cruelty to Animals, represented by Mr. W. N. Dunlop; Meat Packers Council of Canada, represented by Messrs. E. S. Manning and Dr. G. F. Clarke; Ontario Society for Prevention of Cruelty to Animals, represented by Mr. R. C. Friend; Toronto Humane Society, represented by Col. E. G. Reade, and E. L. Taylor; Canadian Federation of Agriculture, represented by Mr. H. H. Hannam; Interprovincial Farm Union Council, represented by Messrs. G. Hill and J. Patterson; Humane Slaughter Association, represented by Mr. P. R. U. Stratton; Canadian Federation of Humane Societies, represented by Lt. Col. R. Taylor, O.B.E., Dr. A. E. Cameron and Mr. W. R. Gunn, Q.C., and the United Packinghouse Workers of America.

3. Your Committee heard evidence revealing various instances of inhumane handling and slaughter of food animals.

4. Your Committee considered two suggestions which were submitted with respect to the humane slaughter of food animals: firstly, by way of an amendment to the Criminal Code, and secondly, by a statute to amend the Meat Inspection Act providing for the regulation of establishments now subject to federal jurisdiction in which food animals are killed.

5. Your Committee notes that federal legislation under the Meat Inspection Act covers government-inspected plants which perform approximately 80 per cent of the slaughtering of food animals in Canada.

6. Your Committee recommends, after due deliberation, that legislation amending the Meat Inspection Act be introduced to provide for humane handling and slaughter regulations.

7. Your Committee, after careful deliberation, submits the following recommendations for incorporation into legislation to provide for the humane slaughter of food animals,—

- (a) That inadequate holding pens and/or unsafe ramps, inclines and floor surfaces over which animals must move in packing plants or slaughterhouses shall be considered inhumane;
- (b) That the combination of shackling and hoisting of a food animal before rendering it unconscious shall be considered inhumane;

- (c) Humane methods of slaughter shall be deemed to include
 - (i) shooting,
 - (ii) shechita (the Hebrew term for slaughter) as practised in compliance with Hebrew religious requirements;
- (d) Humane methods of pre-slaughter shall be deemed to include
 - (i) stunning with a mechanical stunner,
 - (ii) certain electrical stunning methods,
 - (iii) the use of anaesthetizing agents.

8. That the operation of the proposed law be postponed for a reasonable period to enable all persons affected thereby to take the necessary steps to comply with the law when it becomes effective.

A copy of the Committee's Minutes of Proceedings and Evidence is appended.

Respectfully submitted,
HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, May 5, 1959.

(9)

The Standing Committee on Agriculture and Colonization met *in camera* at 11.00 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Mrs. Casselman, Messrs. Best, Broome, Charlton, Crestohl, Doucett, Fane, Fleming (*Okanagan-Revelstoke*), Gundlock, Hales, Henderson, Horner (*Acadia*), Howe, Jorgenson, Kindt, Kucherepa, Letourneau, MacLean (*Winnipeg North Centre*), McBain, McIlraith, McIntosh, Montgomery, Nasserden, Phillips, Rapp, Regnier, Smith (*Lincoln*), Southam, Speakman, Stanton, Thomas, Thompson, Villeneuve, and Walker. (34)

The Committee proceeded to consider two draft bills submitted by the Minister of Justice, Hon. Davie Fulton dealing with humane slaughter of food animals.

Various suggestions and recommendations were proposed by members of the Committee.

Agreed—That the Chairman appoint a Sub-Committee to draft recommendations for consideration by the Committee.

At 12.05 p.m. the Committee adjourned to the call of the Chair.

MONDAY, June 15, 1959.

(10)

The Standing Committee on Agriculture and Colonization met *in camera* at 9.30 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Broome, Charlton, Crestohl, Cooper, Fleming (*Okanagan-Revelstoke*), Forbes, Hales, Henderson, Horner (*Acadia*), Kucherepa, McBain, McIlraith, McIntosh, Montgomery, Noble, Pascoe, Rapp, Smith (*Lincoln*), Southam, Stanton, Thomas, Tucker, and Walker. (23)

The Committee proceeded to consider a draft "Report to the House" presented by the Subcommittee on Agenda and Procedure.

Paragraphs 1 and 2 were adopted.

On Paragraph 3, line 2, an amendment was moved by Mr. Hales, seconded by Mr. Southam, that between the words "inhumane" and "slaughter", be inserted the words "handling and". Carried *on division*.

Paragraph 3, as amended, was adopted.

Agreed—That paragraph 4 of the draft report be re-numbered paragraph 5, and that paragraph 5 be numbered paragraph 4.

On new Paragraph 4, line 3, on motion of Mr. Walker, seconded by Mr. Hales,

Resolved—That the word "one" be replaced by the word "firstly".

Paragraph 4, as amended, was adopted.

On new Paragraph 5, line 1, on motion of Mr. Kucherepa, seconded by Mr. Hales,

Resolved—That after the word “legislation”, be added the following words: “under the Meat Inspection Act.”

Paragraph 5, as amended, was adopted.

On Paragraph 6, on motion of Mr. McIlraith, seconded by Mr. Crestohl,

Resolved—That paragraph 6 of the Draft Report be deleted and the following paragraph substituted:

“Your Committee recommends after due deliberation that legislation amending the Meat Inspection Act be introduced to provide for humane handling and slaughter regulations.”

It was moved by Mr. Crestohl, seconded by Mr. McIlraith, that paragraph 6 be amended to add after the word “regulations”, the following: “having due regard for the religious freedom, practices and observances of all people in Canada”. The amendment was negated *on division*.

Paragraph 6, as amended, was adopted.

On Paragraph 7 (a), it was moved by Mr. Thomas, seconded by Mr. Walker,

Resolved—That in line 2, after the word “surfaces”, the following words be deleted: “provided for the driving and handling of food animals prior to slaughter, and the following words substituted: “over which animals must move in packing plants or slaughterhouses.”

Paragraph 7 (a), as amended, was adopted.

On Paragraph 7 (b), it was moved by Mr. Walker, seconded by Mr. Crestohl, that in line 1, after the word “That”, be inserted the words, “the combination of”, and that in line 1 the word “/or” be deleted.

An amendment to the motion was moved by Mr. Thomas, seconded by Mr. Montgomery, that in line 1 the following words be deleted: “That shackling and hoisting of a food animal”, and be substituted by the following words: “That hoisting by one leg of a food animal”.

The amendment was negated *on division*.

Motion of Mr. Walker was carried.

Paragraph 7 (b), as amended, was adopted.

On Paragraph 7 (c), it was moved by Mr. Thomas, seconded by Mr. McIlraith, that the heading of sub-paragraph (d) which includes the following words be deleted:

“(d) Humane methods of pre-slaughter shall be deemed to include” and that sections numbered (i), (ii) and (iii) of sub-paragraph (d) be renumbered to become sections iii, iv and v of Paragraph 7 (c). The motion was negated *on division*.

Paragraph 7 (c) was adopted.

On Paragraph 7 (d), on the suggestion of Mr. Kucherepa, it was agreed that in section (iii) the words “carbon dioxide for anaesthetization” be deleted and substituted by the words: “anaesthetizing agents”.

Paragraph 7 (d), as amended, was adopted.

On Paragraph 8, it was moved by Mr. Crestohl, seconded by Mr. McIlraith, that paragraph 8 be deleted and the following paragraph substituted:

"Your Committee also notes that food animals killed in accordance with Hebrew religious requirements must not first be maimed or rendered unconscious by stunning or other means. We, therefore, further recommend that, before legislation dealing with this method is promulgated, further study be made of alternate procedures by which the animal can be presented by humane means for the actual "Shechita" cut. To this end your Committee recommends that the Government consult with leading Canadian packers, abattoirs, veterinarians and other scientists with a view to the installation and use of casting pens or other approved procedures for the humane slaughter of animals so as to preserve for the people of the Hebrew faith their fundamental right to exercise the freedom of their religious practices in Canada."

Motion negatived *on division*.

Mr. McIlraith suggested a replacement paragraph 8 but no amendment was moved.

Paragraph 8 was adopted *on division*.

The draft "Report to the House" which was amended and adopted as amended, was ordered to be presented as the Committee's "Second Report to the House."

At 11.50 a.m., the Committee adjourned to the call of the Chair.

M. Slack,
Clerk of the Committee.

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

Report of the Canadian Wheat Board for Crop Year 1957-58

TUESDAY, JUNE 23, 1959



WITNESSES:

From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner; W. Riddel, Assistant Chief Commissioner; W. E. Robertson, Commissioner; and C. E. G. Earl, Comptroller.

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

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

Argue,
Barrington,
Boivin,
Boulanger,
Brunsdon,
Cadieu,
Campbell (*Lambton-
Kent*),
Casselman (Mrs.),
Charlton,
Cooper,
Crestohl,
Doucett,
Dubois,
Dupuis,
Fane,
Fleming (*Okanagan-
Revelstoke*),
Forbes,
Godin,
Grills,

Gundlock,
Hales,
Hardie,
Henderson,
Hicks,
Horner (*Acadia*),
Howe,
Jorgenson,
Kindt,
Lahaye,
Latour,
Leduc,
Létourneau,
McBain,
McIlraith,
McIntosh,
McMillan,
Michaud,
Milligan,
Montgomery,
Muir (*Lisgar*),

Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Robinson,
Rompré,
Rowe,
Smith (*Lincoln*),
Southam,
Speakman,
Stanton,
Thomas,
Tucker,
Villeneuve,

M. Slack,
Clerk of the Committee.

NOTE: Messrs. Korchinski and Horner (*Jasper-Edson*) replaced Messrs. Mont-
gomery and Grills after the morning sitting of June 23.

ORDERS OF REFERENCE

HOUSE OF COMMONS,
FRIDAY, June 12, 1959.

Ordered,—That the Annual Report of the Canadian Wheat Board for the crop year ended July 31, 1958, which was tabled on February 6th, and the Report of the Board of Grain Commissioners for 1958, which was tabled on March 23rd, and the Supplementary Report of the Canadian Wheat Board on the 1957-58 Pool Accounts for Wheat, Oats and Barley, tabled today, be referred to the Standing Committee on Agriculture and Colonization.

TUESDAY, June 16, 1959.

Ordered,—That the names of Messrs. Dubois, Campbell (*Lambton-Kent*), Grills, Muir (*Lisgar*), Hicks, Milligan and Robinson be substituted for those of Messrs. Dorion, Best, Walker, MacLean (*Winnipeg North Centre*), Broome, Kucherepa and Thompson respectively on the Standing Committee on Agriculture and Colonization.

TUESDAY, June 23, 1959.

Ordered,—That the names of Messrs. Korchinski and Horner (*Jasper-Edson*) be substituted for those of Messrs. Montgomery and Grills respectively on the Standing Committee on Agriculture and Colonization.

Attest.

LEON J. RAYMOND
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, June 23, 1959.

(11)

The Standing Committee on Agriculture and Colonization met at 9.30 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Boivin, Boulanger, Brunsdon, Cadieu, Campbell (*Lambton-Kent*), Charlton, Cooper, Doucett, Dubois, Fane, Forbes, Gundlock, Henderson, Horner (*Acadia*), Lahaye, Letourneau, McIlraith, Milligan, Montgomery, Nasserden, Pascoe, Peters, Rapp, Regnier, Smith (*Lincoln*), Southam, Speakman, Stanton, Thomas, Tucker, and Villeneuve-(32).

In attendance: Honourable Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. Riddel, Assistant Chief Commissioner; W. E. Robertson, Commissioner; J. T. Dallas, Commissioner; C. E. G. Earl, Comptroller and C. B. Davidson, Executive Assistant.

The Chairman read the Committee's Order of Reference.

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

Resolved,—That the Committee print 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence in relation to the Annual Report of the Canadian Wheat Board for the Crop Year ending July 31, 1958 and the Report of the Board of Grain Commissioners for 1958.

The Chairman introduced Mr. McNamara who in turn introduced the officials of the Canadian Wheat Board.

The Committee proceeded to the consideration of the Report of the Canadian Wheat Board for the Crop Year 1957-58.

The Board's Report was read section by section and questions were answered by Messrs. McNamara, Riddel, Robertson and Earl.

The following sections of Part I of the Report were approved:

1. General Comment—Crop year 1957-58
2. Canadian Crop Development and Supplies
3. Legislation
4. Transportation

At 12.20 p.m., the Committee adjourned until 3.30 p.m. this day.

AFTERNOON SITTING

(12)

The Standing Committee on Agriculture and Colonization resumed at 3.30 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Argue, Boulanger, Brunsdon, Doucett, Fane, Forbes, Gundlock, Horner (*Acadia*), Horner (*Jasper-Edson*), Howe, Korchinski, McIlraith, McIntosh, Milligan, Nasserden, Pascoe, Rapp, Regnier, Rompre, Southam, Speakman and Stanton—(22).

In attendance: (Same as morning sitting).

The Committee resumed consideration of the Report of the Canadian Wheat board for the Crop Year 1957-58.

The following sections of Part I of the Report were approved:

5. Delivery Quotas
6. Handling Agreement

Mr. McNamara supplied answers to questions asked at the morning sitting.

Agreed,—That this Committee sit again this evening at 8:15 p.m.

At 5.50 p.m., the Committee adjourned until 8.15 p.m. this day.

EVENING SITTING

(13)

The Standing Committee on Agriculture and Colonization resumed at 8.15 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Argue, Barrington, Boivin, Boulanger, Brunsden, Charlton, Dubois, Fane, Forbes, Gundlock, Henderson, Horner (*Acadia*), Horner (*Jasper-Edson*), Korchinski, Lahaye, Letourneau, McBain, McIlraith, McIntosh, Nasserden, Pascoe, Rapp, Regnier, Rompre, Southam, Stanton, Thomas, and Tucker—(28).

In attendance: (Same as at morning and afternoon sittings).

The Committee resumed consideration of the Report of the Canadian Wheat Board for the Crop Year 1957-58.

On Section 7,—1957-58 Pool Account—Wheat, Messrs. McNamara, Riddel and Earl were questioned.

Questioning continuing, at 10 p.m. the Committee adjourned until 3 p.m. Wednesday, June 24.

M. Slack,
Clerk of the Committee.

EVIDENCE

TUESDAY, June 23, 1959.

9:30 a.m.

The CHAIRMAN: Order, gentlemen. We have a quorum so we will proceed.

Before we proceed further, I will read the terms of reference:

That the annual report of the Canadian wheat board for the crop year ended July 31, 1958, which was tabled on February 6, and the report of the board of grain commissioners for 1958, which was tabled on March 23, and the supplementary report of the Canadian wheat board on the 1957-58 pool accounts for wheat, oats and barley, tabled today, be referred to the Standing Committee on Agriculture and Colonization.

I would ask someone to move that we print 750 copies in English and 250 copies in French of the evidence given before this committee.

Mr. THOMAS: I will so move.

Mr. SOUTHAM: I second the motion.

The CHAIRMAN: It has been moved by Mr. Thomas and seconded by Mr. Southam that we print 750 copies in English and 250 copies in French. All in favour; contrary, if any? I declare the motion carried.

We are very pleased to have the members of the wheat board here today. We welcome them and, without further comment, I will ask Mr. McNamara to introduce the members in attendance.

Mr. W. C. McNAMARA (*Chief Commissioner, The Canadian Wheat Board*): Mr. Chairman, Mr. Minister and gentlemen: the wheat board very much appreciate this opportunity of meeting the committee and discussing with you our report for the 1957-58 crop year. All the board is in attendance, as well as two of our senior officials. I hope we have the files and the ability to give you the answers to questions you will want to ask us concerning our operations.

I would like to have the opportunity at this time of introducing my colleagues. This is Mr. William Riddel, assistant chief commissioner of our board. Also in attendance is Mr. W. E. Robertson, Commissioner and our new commissioner, Mr. J. T. Dallas. Mr. Dallas joined us in September. He was formerly executive vice president and director of Continental Grain Company (Canada) Ltd and a welcomed addition to our board. Then we have Mr. Davidson, our executive assistant and Mr. Gordon, our comptroller.

I would suggest, Mr. Chairman, that we follow the procedure of last year. Mr. Earl can read the report and we will be available then for any discussions and will endeavour to answer any questions the members would like to refer to us.

The CHAIRMAN: Gentlemen, I was just wondering about tomorrow morning. Wednesday morning generally is caucus day for the different parties. What are your thoughts about this committee sitting tomorrow morning, or would you rather dispense with these hearings until after the caucus? What is the pleasure of the committee?

Mr. THOMAS: Well, Mr. Chairman, since the members of the board are here, I think we should get through the business as rapidly as we can. That would be my reaction.

Mr. HORNER (*Acadia*): I would say, Mr. Chairman, that we should dispense with the meeting for tomorrow morning anyway. I would like to attend this and also attend the caucus; I do not know how we can do both.

The CHAIRMAN: Are there any further comments?

Mr. FORBES: What about this afternoon?

The CHAIRMAN: We will be sitting this afternoon. What is your pleasure, gentlemen? Are there any further comments?

Mr. McILRAITH: Is not that proposition something that should be decided after we see what progress we make this morning and this afternoon?

The CHAIRMAN: That will be fine. If it will give our Clerk time enough to send out the notices, it is perfectly satisfactory with me. All right, gentlemen, we will leave that in abeyance until this afternoon and at that time we will see what progress we have made.

I would suggest to the committee that we follow the same procedure we followed last year, take up the wheat board report paragraph by paragraph, and pass each paragraph. In this way we will not be wandering all over the place. Would that be satisfactory to the members of the committee?

Agreed.

Mr. GORDON EARL (*Comptroller, The Canadian Wheat Board*):

PART 1

1. *General Comment—Crop Year 1957-58*

World production of wheat in 1957-58 was only slightly smaller than the record production of 1956-57. As in most crop years, the distribution of world production between countries and areas was important.

Western Europe experienced a favourable growing season, with the result that wheat production was substantially larger than in 1956 when extensive winter damage was sustained. Production in the United Kingdom was slightly smaller than in 1956. However, larger wheat crops were harvested in Belgium, The Netherlands, Western Germany, Switzerland and France; these countries comprising the principal area of crop damage in 1956. Improved or above average wheat production in normal wheat importing countries of Continental Europe resulted in a smaller demand for imported wheat. Available statistics indicate that the 1957 harvest in Eastern Europe was also considerably larger than in the previous year.

In contrast to Europe, the 1957 wheat production in the major exporting countries declined sharply. The combined wheat production of the United States, Canada, Argentina, Australia and North African exporting countries was some 350 million bushels less than in 1956. The largest reduction occurred in Canada, while Australia harvested about one-half of normal production. The smaller production of wheat in the major exporting countries had only a limited immediate effect on the international wheat position because of the large reserve stocks in the United States and Canada.

Increases or decreases in production in other countries and in other areas did not materially affect the course of international trade in wheat during 1957-58.

International trade in wheat declined by some 200 million bushels in the crop year 1957-58 mainly because of the improved wheat crop in Western Europe. Exports from the United States amounted to 402 million bushels as compared with 549 million bushels in the previous crop year. Argentina exported 77 million bushels as compared with 98 million bushels in the previous year. Australian exports, reflecting the small harvest of 1957-58 were 68 million bushels as compared with 126 million bushels in the previous crop year. On the other hand, exports of wheat from Canada increased sharply from 262 million bushels in 1956-57 to 316 million bushels in 1957-58.

During the crop year the United States disposal programmes continued as a major factor in the international wheat position and resulted in the United States accounting for over 40% of international trade in wheat for the second successive crop year. United States disposal programmes appear to have placed more emphasis upon the requirements of under-developed countries, and less wheat was disposed of under the barter provisions of P.L. 480.

The CHAIRMAN: Gentlemen, are there any comments in connection with paragraph 1?

Mr. BRUNSDEN: Reference is made to the decline in production in Canada; have you any figures indicating the amount of the decline, or does that come later?

Mr. McNAMARA: Yes, we have those figures and we will give them to you in a few minutes.

Mr. HORNER (*Acadia*): I have a question with regard to the disposal program in the United States. We are led to believe that the United States are increasing their efforts to dispose of wheat under this clause P.L. 480; is this true, or has the board any evidence of this in its present year?

Mr. McNAMARA: Of course, we are discussing the 1957-58 crop year and, as our report states, the Americans showed much more restraint during that particular crop year than in the previous one. You will recall that our government made representations to them. Our minister, along with the Secretary of Agriculture in the United States, took part in the discussions and we noticed that as a result of these discussions there seemed to be more restraint on the part of our American friends in their surplus disposal program.

We are not discussing the current year; but I have not the same feeling today as I had at the time this report was issued as to what the American proposals are; but we will probably be discussing those later on in the report.

If the gentleman who asked for information about the decline in the crops looks under table IV in the supplement to this report in the back of the book as table IV, he will see that we show the carry-over, the commercial supply, production, the total supplies and the disposition by years from 1933-34 to 1958-59. We referred to the production of the previous year, 1956-57, of 573 million bushels, and in 1957-58, 370 million bushels, Canadian production.

The CHAIRMAN: Any further questions, gentlemen?

Mr. ARGUE: Mr. Chairman, I think Mr. Horner has raised a very important point. I have always held that any discussion of the wheat board report is not as helpful as it could be if we are going to be confined merely to discussing something that has gone on in the past.

I think the general opinion of the committee in a case like this, in discussing this grain disposal program, is important to the wheat board and to the government in its dealings with the United States. As I read the figures in the past, the United States is making a tremendous drive in this field. Their

proportion of the export market is going up. I think we would like an assurance from the wheat board that Canada is successfully meeting this increased competition.

Mr. McNAMARA: Mr. Chairman, I appreciate the point Mr. Argue makes, and I would point out, when we get into our supplementary report, that it deals with the closing out of the 1957-58 Pool. I think at that time, when we deal with that, we will be very pleased to discuss further with the committee the current American position. In this report we deal with it in more detail. As I say, we will be very pleased to discuss it frankly with you at that time.

Mr. THOMAS: Mr. Chairman, could the chairman of the wheat board comment on the reasons for the increase in the Canadian exports while exports from other nations seem to be dropping?

Mr. McNAMARA: Yes, dealing strictly in the 1957-58 year, as we state in our report the reduction in some of the main markets accounted for it. One of the major reasons is that Australia, which is not a large exporter of wheat, had a very small crop and had to import a limited quantity of wheat during that year. A similar situation prevailed in the Argentine, and so the competition from two normal exporters was not as keen as it normally would be.

The American market during the crop year showed quite a lot of restraint, particularly under the barter programs that had been vicious the year before. I think the reason lies in a combination of those factors, plus the fact, and the very important fact, that in 1957-58 we reversed the trend in so far as quality was concerned. For the previous crop years we had a succession of pretty poor quality crops in so far as quality markets were concerned.

In 1957-58 and, again, last year, the quality of our wheat put on the market was a little better than normal. That was a major factor in our selling successes.

I think it is also fair to say that the assistance the government made available to us, and in particular the assistance under the Colombo plan was very helpful in its overall effect; and we received very excellent assistance and cooperation from the trade working as agents in securing markets for our grain.

Mr. ARGUE: I wonder if I might ask a further question on that point? It has to do with the government's assistance in providing schemes for the disposal of Canadian wheat. You mentioned that last, but I do think it would be a very important factor. I wonder whether you could tell the committee how many bushels of Canadian wheat during this crop year were exported under some type of Canadian government assistance, Colombo assistance, or otherwise—that is, apart from strictly cash sales?

Mr. McNAMARA: I would be glad to give you that. I did mention that government aid was most excellent; and it must be rated on that basis because it was most helpful to us in our efforts to meet this objective, which I think was a very satisfactory situation last year under the conditions which existed. But under various export assistance programs we exported a total of 31,070,000 bushels of wheat. We can give you a breakdown of those.

Under the Colombo plan, the regular Colombo plan, it was 6,198,000 bushels; special gifts to Colombo plan countries, 8,960,000 bushels; long-term loans to Colombo plan countries—that was to India—14,933,000 bushels. Then the government made available to the United Nations relief works agencies, 979,000 bushels, in the form of flour, which brings it to a total of 31,070,000 bushels, for a value of \$50,680,000. Is that the information which you wanted, sir?

Mr. ARGUE: Yes, thank you.

Mr. McILRAITH: What is the figure, the dollars total?

Mr. McNAMARA: It is \$50,680,000.

Mr. ARGUE: How does this compare with the quantity sold under this type of program over the previous year?

Mr. McNAMARA: Just give me a minute, and I will give you that information.

Mr. ARGUE: Fine.

Mr. McNAMARA: It is available here, but I do not know the exact figures.

Mr. ARGUE: Could you tell us how much wheat was sold to iron curtain countries during that crop year?

Mr. McNAMARA: Could we come back to that?

Mr. BRUNSDEN: While these figures are being looked up, I wonder if we could save a considerable amount of time and hardship on the part of the secretary of the board by waiving reading this report? We could all read it—I think we can all read this report and underline the aspects upon which we wish to question the board, thereby saving a great deal of time.

The CHAIRMAN: What is the pleasure of the committee on that suggestion?

Mr. ARGUE: I think it would be much more expeditious if we dealt with it by reading the report this year. It has been read for as many years as I have been on this committee, and I think it makes for a more satisfactory discussion, rather than having a hit and miss discussion, if it is not read.

The CHAIRMAN: Last year it was the desire of the committee to take up the report, paragraph by paragraph or item by item. It seemed to me to be very satisfactory.

Mr. ARGUE: I think so too.

The CHAIRMAN: I was wondering if we could go on to paragraph 2, and then come back to this.

Mr. EARL: Paragraph 2, Canadian crop development and supplies:

2. Canadian Crop Development and Supplies

The following table shows acreages seeded to grains and flaxseed in the prairie provinces in 1957, along with comparative statistics for 1956:

	1957 Acreage	1956 Acreage	Percentage Change
	(thousand acres)		
Wheat	20,360	22,064	— 7.7
Oats	7,805	8,658	— 9.8
Barley	9,209	8,181	+12.6
Rye	455	452	+ .7
Flaxseed	3,462	3,010	+15.0
Total	41,291	42,365	— 2.5

Wheat acreage in the prairie provinces amounted to 20.4 million acres in 1957. This was the smallest acreage seeded to wheat since 1943 and the second lowest wheat acreage reported since the 1920's. There was a sharp decline in oats acreage. The decline in wheat and oats acreages was accompanied by increased acreages seeded to barley, flaxseed and forage crops, and an increased acreage in summerfallow.

Seeding commenced in early May and was completed under favourable conditions. Grain crops developed normally through the month of June, although lack of rainfall over wide areas in Saskatchewan and Alberta caused anxiety. During the month of July the pattern and the

volume of grain production in the prairie provinces were established. Continuing drought during the first half of July resulted in deterioration of grain crops in Saskatchewan and Alberta even though temperatures were moderate. The process of crop deterioration was hastened in the last half of July as hot, dry weather prevailed. For the first time since 1949 drought was widespread and damaging, and a critical factor in crop development.

Harvesting commenced in mid-August but was soon delayed by unfavourable weather. The bulk of the harvesting was completed in late September and during October. Unfavourable harvesting weather continued on the Peace River area and in sections of northern Alberta. Of the grain which was harvested in this area, a high percentage was tough or damp, and severe crop damage was sustained through inability to complete harvesting operations before winter set in.

The following table shows estimated grain production in the prairie provinces in 1957, along with comparative estimates for 1956:

	1957	1956
	(thousand bushels)	
Wheat	349,000	551,000
Oats	234,000	400,000
Barley	209,000	262,000
Rye	6,300	6,350
Flaxseed	18,900	34,600
Total	<u>817,200</u>	<u>1,253,950</u>

The unfavourable growing season of 1957 is reflected in the foregoing estimates. Production of grains and flaxseed amounted to 817.2 million bushels in 1957 as compared with 1,253.9 million bushels in 1956. The main reductions occurred in respect to wheat and oats.

As shown by the above table the prairie provinces produced 349 millions bushels of wheat in 1957 as compared with 551 million bushels in 1956. Oats production was estimated at 234 million bushels as compared with 262 million bushels in 1956. Little change occurred in the production of rye. Flaxseed production was sharply curtailed, amounting to 18.9 million bushels as compared with 34.6 million bushels in the previous year.

In addition to the quantities of grain available from the 1957 harvest, total Canadian commercial supplies of wheat, oats and barley for the crop year 1957-58 included the commercial carry-over from the previous year (grain in country and terminal elevators, mills and in transit, but excluding stocks on farms). The following table indicates the inward commercial carry-over of wheat, oats and barley in Canada as at August 1, 1957, with comparable figures for the corresponding date of previous years:

	August 1 1957	August 1 1956	August 1 1955
	(million bushels)		
Wheat	410.4	375.4	398.9
Oats	54.1	47.9	30.6
Barley	61.8	60.5	49.2

The CHAIRMAN: Gentlemen, are there any comments on paragraph 2?

Mr. McILRAITH: What are the acreage figures available for 1958? I know they come into the results of the next crop year.

Mr. McNAMARA: The pure statistics, if required, are a preliminary estimate; but the final acreage figures are not available. Is that right, Mr. Davidson? 1958—I am sorry.

Mr. McILRAITH: I am asking for 1958. These are for 1957.

Mr. McNAMARA: Yes, table 1, in the back of the book—just a very slight reduction. You will notice in 1958 we had 20,244,000 as compared with 20,360,000.

I might point out that according to the estimates for 1959 there is an increase in the western wheat acreage—about 6 per cent, I believe it is.

The CHAIRMAN: Are there any further questions, gentlemen?

Mr. ARGUE: Mr. Chairman, there is an opinion in certain quarters in the country that the grain producers on the prairies have gone on seeding very large acreages of wheat and that these huge acreages have resulted in surpluses. The fact brought out by these figures is that, the government guaranteeing the initial price, the agricultural producers under the Canadian Wheat Board—which is supported by more than 90 per cent of the farmers—has not resulted in an increase in acreage. As a matter of fact, apart from a slight increase this year, the trend now for a number of years—by farmers—has been to reduce their wheat acreage?

Mr. McNAMARA: Yes, I would agree with you. I think the Canadian government policy—as administered by the board—has been very effective under these periods of surplus conditions in controlling acreage. It has been much more effective than some of the policies they have, for instance, in the south.

In other words, the responsibility has been left pretty well on the producer. We have taken off the farms all the grain possible to deliver to commercial facilities, and the producer has regulated his grain production himself. I think Canada can be proud of the way he has dealt with that grain under these conditions and must give credit to these producers who have controlled their acreage in line with the grain they have on their farms and which they could deliver.

We have discussed this with the wheat conferences and all our friends in the south, and we have had no trouble at all in defending our policies. Most nations agree, I think, that Canada has set out a very effective policy in this regard.

Mr. ARGUE: The United States policy, as far as controlling acreage is concerned—when they have tried to control it—is to seed acreage quotas per farm, and the farmer then, very naturally, does everything he can to produce as much wheat as possible on his restricted acreage. It has been highly successful. Generally speaking, the more they have restricted his acreage, the greater his production has been, because he has undertaken certain farm practices that have increased his acreage. There is control—and if you would elaborate on this a little more, I would appreciate it—there is very definite type of control over the wheat situation in Canada, which is a government policy supported by the farmers; and the type of control is when the wheat board, by quotas, regulates the quantity that any farmer can deliver. Then the farmer himself is free to produce that quantity; if he can, ten times as much, or less, if he desires. If he has a huge pile-up of wheat on his farm, part of the reason may be that he wished to maintain wheat acreage rather than diversify to something else?

Mr. McNAMARA: I think the statement the member of the committee has made is absolutely correct: that is my view too. It has been a most

effective manner of dealing with surplus production in Canada. I know the policies entered into by some of our friends in the south—I do not want to try to explain their policy; I just cannot understand it; it is changing all the time—but certainly, I do not want any part of it.

Mr. ARGUE: The only part of it I like is the price.

Mr. HORNER (*Acadia*): I think the most significant part of this paragraph is the fact that the crop deteriorated during the last half of July, on, due to hot and dry weather, and in some parts they had unfavourable harvesting weather for—as I follow this—about a quarter of the No. 4 wheat this year. Would the chairman comment on the fact that last year, 1958, a greater percentage of the wheat was of a better quality, due to better weather conditions?

Mr. McNAMARA: Yes, that is right. In this particular year it was featured by a heavy production of 4 northern wheat. When we come to the supplementary report, you will note we had some difficulty in marketing No. 4 northern in relation to the higher price for the straight grade. But in the past year the crops were mostly No. 2 and No. 3; very little of No. 4, and we were pretty well out of the woods as far as the No. 4 northern surplus was concerned, which we were carrying at that time.

Mr. ARGUE: I wonder if Mr. McNamara could tell the committee why, in his opinion, the farmer has increased his wheat acreage this year by some 6 per cent?

Mr. McNAMARA: This would just be a personal opinion, but I think there are a number of factors that enter into that. One of the large factors, of course, was that in quite a wide area of the west, by the end of July last year we had taken most of the surplus wheat off the farms. We still had a heavy carry-over in certain areas, but it was pretty well concentrated in the old Palliser triangle. I think that was a factor last July, plus the marketing trouble this year. Most of the surplus they had been carrying had been disposed of and there was also the fact that the marketings of oats and barley were slightly heavy and prices not too attractive which influenced some of them to think they could go back and increase the acreage in wheat. I think also a late spring affected that swing. However, it has not been a major swing and I am not alarmed by the increase in the wheat acreage. I do not think it will raise a substantial problem.

Mr. ARGUE: Unless it rains.

Mr. McNAMARA: We always want rain.

Mr. RAPP: Has the decrease in the oil bearing seeds had any effect on the increase of the wheat acreage? For instance, the latest report indicates there is an increase of about 225,000 acres in the three wheat provinces.

Mr. McNAMARA: Well, it has a bearing on it. Of course, the acreage under flaxseed and other oil bearing crops is light compared to wheat. Prices have not been good but they have been reasonably attractive. Fortunately, they have been able to merchandise the bulk of the production of flaxseed and other oil bearing seeds. It is difficult for me to say as I am not an agricultural expert, but I think the local condition prevailing in a particular area has more of a bearing on whether or not they put in flaxseed at seeding time.

Some farmers have found that flaxseed tends to dirty the land and they are not anxious to switch. I would think the relationship of flaxseed and other oil bearing seeds to grain is just about right. The trend has been to merchandise it at reasonably satisfactory prices. At the present time we have no sizable carry-over.

Mr. CHAIRMAN: We will proceed with paragraph 3, Legislation.

Mr. EARL:

3. Legislation

There was no amendments to the Canadian Wheat Board Act during 1957-58.

The Prairie Grain Advance Payments Act was enacted in the fall of 1957 and proclaimed on November 25, 1957. The purpose of this legislation is to provide for cash advances on farm stored grain pending delivery of such grain to The Canadian Wheat Board. Section 7 of the Act provides for the basis of advance payments and is quoted as follows:

- "7. (1) Subject to this section, the amount of an advance payment to a producer in respect of the grain deliverable under the permit book specified in the application shall be the quantity of threshed grain (irrespective of its grade and excluding grain deliverable under a unit quota) that the applicant has in storage otherwise than in an elevator and undertakes to deliver to the Board, less any undelivered grain in respect of which a previous advance payment was made, multiplied by
- (a) fifty cents per bushel in the case of wheat,
 - (b) twenty cents per bushel in the case of oats, and
 - (c) thirty-five cents per bushel in the case of barley.
- (2) The quantity of each grain in respect of which an advance payment may be made to a producer shall not exceed the quantity that would be deliverable under the applicant's current permit book on a quota of six bushels per specified acre minus the quantity of grain (other than deliveries under a unit quota) delivered by the applicant to the Board prior to his application and during the crop year in which the application is made.
- (3) Not more than a total of three thousand dollars shall be paid as advance payments in respect of grain to be delivered under the permit books specified in an application."

The Act also prescribed the procedures to be followed in the distribution and repayment of advance payments. Advance payments are interest free to producers unless an advance is declared to be in default. Pursuant to the Act, the Board entered into an agreement with elevator companies whereby the companies act as agents of the Board in making advance payments and receiving repayments. The operations of the Board in respect to the Prairie Grain Advance Payments Act are dealt with in Parts II and IV of this report.

The loaning provisions of the Prairie Grain Producers' Interim Financing Act expired on June 1, 1958.

The CHAIRMAN: Are there any comments?

Mr. ARGUE: I am wondering at what stage we could ask questions concerning the method used in the distribution of the \$1 per acre payment. It is not strictly an amendment to the act.

Mr. EARL: It is not referred to in this report.

Mr. ARGUE: Is it satisfactory that we take it up at this stage.

Mr. McNAMARA: We are in the hands of the committee on this. So far as the acreage payment is concerned the Canadian wheat board is just the agency which the government used for distributing the payments. The policy of payment is not under our jurisdiction.

Mr. ARGUE: I wish to ask some questions about the mechanical operation of sending out the dollar payment.

Mr. McNAMARA: I am in the hands of the committee.

The CHAIRMAN: If it is the pleasure of the committee perhaps we might deal with this after we have dealt with the board's report.

Mr. ARGUE: The question has to do with what was the board's policy and what precautions were taken to make certain that individual wheat producers did not receive more than one payment. I think this is important. I think there was a good deal of confusions in respect of the government's policy at the time. I know quite a substantial number of producers received more than one cheque. I have heard confusing reports as to what was the intention of the government. Certainly the latter intention was that one farmer should receive not more than \$200.

The CHAIRMAN: What is the desire of the committee?

Mr. HORNER (*Acadia*): I think it should be taken up after we have gone through the report. Certainly it does not come under this report. Discussions such as this could last for quite a while.

Mr. THOMAS: Mr. Chairman, might I ask whether or not the board observed any difficulties in the administration of these advances on stored grain.

The CHAIRMAN: I think we must make our decision whether or not we are going on with this discussion now or wait until we have dealt with the report of the Canadian wheat board.

Mr. THOMAS: This deals with advances.

Mr. McNAMARA: I would say generally that we were very pleased with the operation under the cash advance payment. We have had cooperation from all the elevator companies. They worked very closely with us and under the government arrangement assumed part of the liability. We have the figures here and if you would like to have them our comptroller will give you the latest standing in respect of the number of loans made and the amount unpaid. I am sure you will see that it is a successful operation.

Mr. EARL: Mr. Chairman, on the 1957-1958 crop, a total of 35.2 million was advanced, all of which has been repaid except \$76,000. That represents approximately 343 accounts. I think it is a very excellent record.

Mr. THOMAS: Could you put the amount unpaid in a percentage form?

Mr. EARL: 99.7 has been repaid.

Mr. THOMAS: That is .3 is unpaid?

Mr. EARL: .3 per cent is still outstanding.

Mr. McNAMARA: We can also give you the figures for the current crop year.

Mr. EARL: In 1958-1959 a total of \$34.3 million has been advanced. The total amount outstanding is \$6.4 million which represents 18.7 per cent of the amount advanced. 81.3 per cent has been collected.

Mr. FORBES: How many permit holders were there?

Mr. EARL: There were 45,336 applications in 1958-1959 and 50,412 in the crop year 1957-1958.

Mr. FORBES: How many permit holders have we now in western Canada?

Mr. EARL: We have 230,000 approximately.

Mr. FORBES: Would that include the increase last fall since the acreage payment was instituted?

Mr. EARL: Yes, that does, sir, when you include the permits we have issued up to June, 1959.

Mr. FORBES: There was considerable discussion about the increase in the number of permit holders. Have you any idea what increase there was in the number of applications?

Mr. McNAMARA: We can give you the actual figures for last year compared to this year. I think the increase was related to the acreage payments pretty well. But this would get us into the question of acreage payments which you decided we should leave until later.

Mr. HORNER (*Acadia*): My question refers to paragraph 3, legislation; where the farmer receives 50 cents on every bushel stored, we assume that the 50 cents is deducted from the bushel of wheat. But in some areas, due to damp conditions, poor harvesting conditions, eventually he received less than \$1 per bushel for his wheat. In the odd case where the farmer did not have the wheat to pay for the amount of money borrowed, would that be carried over until the next year, or where would it show?

Mr. McNAMARA: That is correct. It was so particularly in northern Alberta where they did have a very low grade crop. We discovered in some instances that because of the grade which they delivered, it was not sufficient to enable them to pay for the loan. But these loans are carried over into the current crop year and in some instances we put them into default under the provisions of the act. We will still collect from these people. As subsequent payments are made we will deduct from them our share, and I expect that this \$76,000 odd outstanding will be further reduced.

Mr. HORNER (*Acadia*): Will it be carried forward by you?

Mr. McNAMARA: Yes, it will be transferred into the new permit book.

Mr. HORNER (*Acadia*): In the new crop year you will be able to take it off with the advance, and the debt will be considered?

Mr. EARL: Mr. Horner, if his account has been placed in default, he cannot receive any advance under the legislation until he has repaid the old one. If he does—and I have no doubt that this will be so—if he does apply for an advance, no doubt the agent will collect the balance owing, and he will receive whatever the balance is coming to him.

Mr. HORNER (*Acadia*): He will receive whatever he is entitled to?

Mr. EARL: The agent would have collected all the Balance due.

Mr. HORNER (*Acadia*): That would create a certain amount of hardship to a farmer who intended to sell under his initial quota, only to find that it had been all gobbled up.

Mr. EARL: His initial quota is not subject to any deduction. Payments are not collected at 50 cents a bushel; it is one-half the value, whatever it happens to be. For example, if it is 90 cents a bushel, then the agent only collects 45 cents.

Mr. PASCOE: In respect to the advance payments which are interest free, who carries that interest?

Mr. McNAMARA: The treasury of the government of Canada; the board pays the interest on the money.

Mr. NASSERDEN: Would Mr. McNamara please tell us if there has been any obstacle to bringing rye into the cash advance category?

Mr. McNAMARA: No; it could be handled under the same system used for wheat, because rye is not marketed by our board. We would not have the records. It would have to be done through an arrangement with the elevator company outside the board. There would be a lot of complexity to bring rye in.

Mr. HORNER (*Acadia*): In my constituency if a final payment is to be made, can the debt be deducted from that final payment?

Mr. EARL: Yes it can. Under the legislation, that is being done. If a man's account has been in default, the board reserves the right. That any future payments can be withheld until the amount of the default in the account has been paid off.

Mr. McNAMARA: It does not go into default; it is carried over.

Mr. EARL: It goes into default in three ways; (1) if the man is not in a position to deliver his grain, and under the act is required to deliver the grain which is pledged against the advance within ten days; (2) it will go into default as at September 15, if he has not taken out a permit book for the then current crop year; (3) all accounts will automatically go into default as of December 31 of each year for the previous crop year.

Mr. HORNER (*Acadia*): In the case over which I had correspondence, there was an estate. It would seem that they did not want to sell any wheat, and they had not taken out another permit book. I do not know why, because the wheat would have to be sold eventually anyway.

The estate was not settled, so there had to be an accounting and a final payment, because some of the grain had been sold in the widow's name. The Wheat Board apparently assumed that it should act to pay off this debt that was advanced under the cash advance act.

The widow was angry over the fact that she could not claim, or could not receive from the board the final payment or the initial payment.

Mr. SOUTHAM: The carrying charges on cash advances would amount to a total of interest in the 1956-57 and in the 1957-58 crop years which would be paid by the federal treasury.

Mr. EARL: Part IV of this report up to July 31, 1958, shows \$476,917.47.

Mr. ARGUE: How does it happen that when this money is made available interest free there are only 40,000 who have taken advantage of it, or rather I should say 45,000? Have you any idea why farmers generally did not move in and take advantage of this interest free money, which is something that very few people can obtain at any time? I understand that income tax has nothing to do with it. The minister of northern affairs estimated that some hundreds of millions of dollars would be provided under this part. Nevertheless the farmers seem generally rather reluctant to take advantage of these interest free advances which can be obtained. Most people, if they can get interest free money, would be all for it.

Mr. HORNER (*Acadia*): Well, do you not first have to have the grain?

Mr. ARGUE: I think most farmers have grain.

Mr. RAPP: Does not income tax have something to do with it?

Mr. ARGUE: Have you not run into a lot of complaints about difficulty in getting advances, and having to do with a lot of red tape? I know there has been a lot of criticism as far as the administration and the policy is concerned, and with regard to tenants who rented land, and in regard to land owners having to sign permits for advances to be made. Has there been any change in the regulations?

Mr. McNAMARA: No. And as I said earlier, I have been very pleased at the smoothness of this part. We have had some correspondence about it, naturally, but it seems to have been well accepted and to have been handled with the minimum amount of difficulty.

Mr. ARGUE: I would be surprised if you did not; but did you not get quite a lot of complaints from people who rented land from farmers, and who wanted cash advances and who had to send, for example, a letter to California to get a statement signed by a proposed landlord who lived there. They might have owned two sections of land themselves, but because they rented a quarter

section of land from somebody else, they had to get a signed permit. Please correct me if I am wrong. These are complaints which you received quite a long time ago.

Mr. McNAMARA: When the announcement was first made or before people understood how it worked, we did have some suggestions. I remember a meeting of the Saskatchewan pool delegates in Regina when the suggestion was made that somebody would have to mail an application to South Africa because the landlord lived there. However, after the first month or so the complaints practically stopped and we had very, very limited difficulty. During the past year we have had practically no complaints concerning the manner in which they could procure the loans, or the repayment of them.

Mr. SOUTHAM: I know that was the case in my constituency. After the first few months they got used to it and it was the exception to have any complaints about it.

Mr. ARGUE: Suppose a farmer farms a section of land which he rents. If he obtains a cash advance this is half of the money given for his grain when he delivers it. This is what people who rent land have told me. They said: what is the point of my getting a cash advance, because when I deliver the grain half goes to pay the cash advance, one-third to the landlord, and what is left for me is one-sixth. He also says: once I have taken a cash advance I have so little equity left in the wheat on the farm that I do not bother taking it.

Has there been any change so a renter can take a cash advance on his two-thirds share, or something like that, so he would be more in the position of a man who owns his own farm and, therefore, all his wheat, and has a 50 per cent equity in the wheat, that is in fact his, when he delivers it.

Mr. McNAMARA: There has been no change at all in the administration or in the policy since it was inaugurated, and we have had a minimum of complaints, with the exception of the first initial phase of it.

Mr. ARGUE: I have received considerable complaints; I have had quite a number of them. The reason I am getting them now is that the people complained about what they felt to be an injustice when the legislation was placed on the statute books and instead of writing in another letter, maybe later, when the policy has not been changed, they have merely ceased to take cash advances. They tried them once and had to go through a lot of red tape. It did not work too well for them; so the next year instead of writing letters that did not result in a change of policy, they have changed their own policy, namely not to take it.

Mr. McNAMARA: So far as the board is concerned and the administration of it, we have had practically no complaints at all this year. It seems to be working very favourably and seems to be generally acceptable.

Mr. ARGUE: There were some 45,000 advances the year before.

Mr. EARL: There were 50,000 last year.

Mr. ARGUE: And that went down to what?

Mr. McNAMARA: 45,000.

Mr. ARGUE: If it was working out well, it would become more popular instead of less popular.

Mr. HORNER (*Acadia*): That is because there was less grain.

Mr. McNAMARA: As I understand it, it is an advance payment on the grain they are going to deliver; it is not a loan.

Mr. ARGUE: They are interest free advances.

Mr. McNAMARA: Things were a little more favourable in the early part of this crop year, and as they deliver it they start paying it back. The fact it was possible for the producers in the early part to deliver a unit quota, and

then the subsequent quota, probably reduced the necessity for them applying for the advances. That has had a bearing on it. I can only report from the information brought to my attention that although I had anticipated there would be quite a lot of difficulty in the administration of this policy, it seems to be well accepted and has presented no major problems to the board in so far as the administration of it is concerned.

Mr. ARGUE: I think this is a significant statement that Mr. McNamara has made when he says that it has presented no administrative problems to the board. When we were campaigning in favour of this legislation, when the previous government would not have anything to do with it, we were told the wheat board would resign if we had cash advances. Now we have them and the wheat board—and I think very properly—say that it has not been any particularly great or difficult administrative problem. Therefore, that encourages me to keep on with some of the other campaigns which we have been on, so we can obtain further improvements.

Mr. FORBES: I thought you were going to say that that would encourage you to support the present Conservative government.

Mr. ARGUE: This government has done so little by way of improvement that many people are changing their minds. Mr. Chairman, the chairman of the wheat board has said that he does not know why more than 45,000 or 50,000 people have not taken advantage of this scheme.

Mr. PASCOE: He did not say that; he explained there was a better delivery quota.

Mr. ARGUE: I did not understand the first year; that is what he gave me as an explanation for the slight drop.

Mr. PASCOE: It just started in November.

Mr. ARGUE: This has been my experience as to why farmers have not taken advantage of this, and I thought they would. In discussing it with them they told me that, in relation to the cost of farming, the price of wheat is so low that they resist taking cash advances now which reduce their equity in the bushel of wheat to 50 or 60 cents, depending upon the grade at a later date. It frightens them to have to dip into that money early in the fall, thereby denying themselves the full return from the bushel of wheat when it is delivered. That is what my constituents tell me.

This is no criticism itself of deficiency payments, but it is merely their thinking. They would rather not take half of their income immediately when the fall marketing season starts because they have so little left to get at some later date.

Mr. HORNER (*Acadia*): Eventually though they get it.

Mr. ARGUE: Seven farmers out of eight have not taken it.

Mr. HORNER (*Acadia*): Twenty per cent have.

Mr. PASCOE: I do not suppose, Mr. Chairman, they have figures to show that. Mr. Argue says that very few farmers have taken this.

Mr. ARGUE: I did not say that; I said that is why a great many farmers in my area have not taken the payment.

Mr. PASCOE: Have you any record of how many took advantage of it in certain areas?

Mr. McNAMARA: We have it by provinces and can get it by shipping points; however, we do not keep a record for certain constituencies or areas of that kind.

Mr. PASCOE: But you do have it by provinces?

Mr. McNAMARA: Yes, we have it by provinces.

Mr. CADIEU: I have not seen so many people who are so pleased to go down to the elevator and get their own cheque. They do not have to go to the bank; they walk down and get their own cheque. I have never seen so many people so happy about it. The only ones who are not taking advantage of it are the ones who do not need advances.

Mr. EARL: These are the advances by provinces in the 1957-58 crop year: Manitoba, 11,724 applications having a value of \$7,112,441; Saskatchewan, 28,793 applications having a value of \$21,822,364; Alberta, 9,895 applications having a value of \$6,268,662. The total is 50,412, with a value of \$35,203,467.

These are the figures for the 1958-59 crop year: Manitoba, 13,240, with a value of \$9,111,298; Saskatchewan, 22,853, with a value of \$18,405,536; Alberta, 9,243, with a value of \$6,851,646. The total is 45,336 applications, with a value of \$34,368,480.

The CHAIRMAN: Gentlemen, may we proceed.

Mr. NASSERDEN: Has the wheat board any record of those who are in the category of owners this year and those who were renters, who applied for cash advances?

Mr. McNAMARA: No, we have not a breakdown of that nature.

Mr. NASSERDEN: I think there has been some dissatisfaction with the policy in so far as tenant and landlord are concerned. I have run into it in my area. They seem to think there is too much involved in getting it, and when the repayment comes back they run into the same problem again. Where a man owns some land and rents some land there might be room there for some revision of some of the regulations.

Mr. McNAMARA: Just on that point, Mr. Chairman and gentlemen, it has been pointed out to me that under the provisions of this act that is a legal requirement. I do not quite understand how we could split it between landlord and tenant and still use our permit book as the basis for the repayment. I have some doubts in my mind as to how the elevator agents, in cooperation with the board, and acting as agents for the board, could collect these repayments if they did not agree it should be delivered that way in security for the loan, because it would be very difficult for elevator agents charged with the responsibility of making collections. The fellow would say, "This is the landlord's grain, and no advance is made on this, and the next load is mine."

I think it would be making the present plan much more difficult to administer, not only for the board, but for the companies if we tried to distinguish between landlords' and tenants' grain. I do not know any way of identifying the grain itself, and I think it might present a problem.

Mr. HORNER (*Acadia*): Mr. Chairman, I would like to point out that in the figures given there were 5,000 less farmers took advantage of this act, but the amount of money was relatively the same, or a very little bit less, if I understood that right. I think that maybe has some significance.

Mr. EARL: That is right.

Mr. ARGUE: Would it not be possible for a farmer renting land—supposing he rents a quarter of the land and owns three-quarters—to borrow a percentage against a percentage of his deliverable quota, namely the percentage of the acreage of his own, and then pay it back on the same proportionate basis? It might complicate it a little, but I do not think you would have any people, or this same proportionate number who have not paid,—this 0.5 of one per cent. I do not think some people are making false statement; and I think the elevator man himself knows pretty well the amount of land each of his customers owns and rents. It is common knowledge in a particular district. I do not think you would have false applications.

Mr. McNAMARA: Of course, nothing is impossible, and the board would be glad to cooperate, whatever the decision of the government was. But, as I said earlier, although this seemed to be an issue at the time the act was first released, and this was being made available in the country, during the last 12 months we have not had complaints about it. They seem to be satisfied with it, and it seems to be working very efficiently. I would not think there was any room for questioning whether the producer was trying to mislead the agent. If you were the elevator agent and I had a loan as against my permit, and my grain was always delivered to the same elevator agent, on the market, that would be one thing; but this is a system whereby half the proceeds go to retire the loan. It is a very efficient system, and I think it would be greatly complicated if we separate what is landlords' grain and what is tenants' grain, and what proportion should be credited to the board in repayment.

It is not impossible, but I just think it is not a very workable plan. I would not suggest any administrative changes, charged as we are with the administration of it.

Mr. ARGUE: Since the minister is present in the room—and I know that he is considering all these things we are speaking about—I make the suggestion—and you can tell me from your applications whether you think this is wrong—I make the suggestion to you that a large proportion of the farmers who rent land in taking an advance not only have to go through the complicated procedure of getting the landlord to sign, but also have a very small equity. In some cases they have just one-sixth of the proceeds for themselves when they deliver the grain; and they made their initial objections to the act coming into effect. No action was taken on those objections and criticisms and they had to re-arrange their own business in line with the policy that has continued. In order to re-arrange their own business they decided cash advances had no great advantage for them. That is my own experience, that people who rent land are much less inclined to try to take advantage of this act than a person who happens to own his own farm. I think this should be looked into. The board should a thorough survey, and if after that survey they say it is administratively impractical, that will be their judgment.

I do think that if we are trying to have a system of cash advances that works for everybody, this added difficulty for a person who rents some land should be given some further consideration.

The CHAIRMAN: Gentlemen, we will proceed with transportation now.

Mr. EARL:

4. *Transportation*

The movement of grain from farms to forward positions continued on a large scale in 1957-58. During the crop year adequate transportation was available to meet Board shipping programmes, including the provision for grain for domestic and export markets.

In 1957-58 the Board continued to assume responsibility for the allocation of shipping orders as between handling companies. Only by following a policy of selective shipping from country stations was it possible to make the best use of available terminal space and to provide for the movement of the grains and grades of grain required to meet domestic and export commitments. In directing the loading of grain from country points, the Board issued necessary shipping instructions from time to time throughout the crop year. These shipping instructions, in the main, determined the preference under which kinds of grain or different grades of grain could be forwarded to terminal positions, mills and processors both east and west. The shipping instructions primarily directed the movement of grain to meet market requirements at different stages of the crop year. Within the framework of Board

shipping policy in 1957-58 it was possible to bring about a greater measure of equality in year-end delivery quotas than had been possible in immediately preceding crop years.

The following table shows primary receipts from producers and principal movements of western grains in 1957-58 as compared with those of the previous crop year:

	1957-58	1956-57
	(million bushels)	
Primary receipts from producers	576	585
Shipments from country elevators and	587	567
Receipts at Pacific Coast ports	170	141
Receipts at Fort William/Port Arthur	327	352
Shipments from Fort William/Port Arthur (lake and rail)	327	322

Receipts from producers in 1957-58 were 576 million bushels as compared with 585 million bushels in the previous crop year. Shipments of grain from country stations amounted to 587 million bushels as compared with 567 million bushels. A sharp increase occurred in receipts of grain at Pacific Coast ports, these amounting to 170 million bushels as compared with 141 million bushels in 1956-57. During the crop year receipts of grain at the Lakehead were slightly smaller, while shipments from the Lakehead were slightly in excess of the previous year.

In carrying out the large shipping programmes for 1957-58 the Board enjoyed the full co-operation of the railways and the lake vessel operators, as well as the Board of Grain Commissioners for Canada, in facilitating the grain movement at every stage.

Mr. ARGUE: Mr. Chairman, I wonder if we could get some information, in some detail, as to the board's policy in 1958 for the allocation of shipping orders among various elevator companies and at local individual marketing points?

Mr. McNAMARA: The policy of the board followed, Mr. Chairman and gentlemen, with regard to the allocation of shippings orders was quite similar to the policy we have been following, I think it was, since the crop year 1954-55. That is, after taking our many requirements and grades into consideration, and deciding on what quantities we wanted moved by the elevators to various terminal positions, we allocated to the shipper a percentage of the orders and the responsibility of management to distribute their shares of those orders to individual country elevator points, subject at all time to our check in so far as quota regulation are concerned. I will not try to tell the committee that all our operations in this regard were satisfactory to all the various elevator companies: in fact, all the companies seemed to feel that we did not give their particular company a fair share in those allocations. But, in a general way, in dealing with transportation generally it was a very satisfactory year. At no time during the crop year do I think we lost sales by not having the proper grades in position to meet market requirements. At no time were we greatly embarrassed by the volume available at any of our outlets. We received excellent cooperation from the elevator companies, from the terminals and—as the report states—from the railway companies. We had no major transportation difficulties.

I think, too, the arrangement of our shipping orders was such that we were able to handle farm deliveries a little more equitably than we had in some years in the past. We are not dealing with quotas; it is in another section of the report. But we ended the crop year with about 300 stations on a six-bushel quota and with 1700 on a seven-bushel quota. I therefore came

to the conclusion that the space had been utilized to better advantage than some years in the past. That was accounted for by the fact that we had a better distribution of grades and we did not have to draw supplies of certain grades from certain areas to the extent we had to some years in the past.

Mr. ARGUE: I think Mr. McNamara has made a very far-reaching statement when he says that in a general way—dealing with transportation—the year under review was a satisfactory year. I would suggest that the many complaints about the distribution of box cars, which can only follow distribution of shipping orders, resulted in a royal commission being established, which has made some very important recommendations for changes in the policy that is being followed. I feel there have been many inequities between elevator companies—yes—but in the main, between elevator companies at various shipping points—individual elevator companies—which has made it impossible for farmers to deliver grain to the elevator of their choice.

Is that—in the opinion of the chairman of the board—the basic reason for all these complaints; the basic reason for a royal commission; the basic reason for its rather far-reaching recommendations?

Mr. McNAMARA: It certainly was not my intention to mislead the committee. I thought I was referring to general transportation when I made that statement. The over-all movement of grain within Canada out of the country elevators to the terminal, to the seaboard and for dispatch by the ocean vessels—that is what I meant to imply. I agree with Mr. Argue in so far as the distribution of orders to the local elevator operator is concerned; so I qualified that by saying that none of the companies seemed to be satisfied with the allocation we gave them. Of course, I recognize this also has been the matter of an inquiry that was set up by the government to look into this matter.

Mr. ARGUE: Could you tell us how you arrive at the percentages, or the proportion that would go to different elevator companies in this year under review? Can you tell us what changes have been made, as compared with a few previous years, in the proportion of orders given to various elevator companies?

Mr. McNAMARA: The basic considerations that we take into account are the same, Mr. Argue. It is true that at various times, during the crop year, due to certain factors, we vary the percentages we allocate to the different companies. But if I may just quote from a letter that I wrote to the commission dealing with this particular matter of board policy, I think it could properly be set in the record—the criteria the board used in arriving at their shipping orders.

Mr. ARGUE: On what date is that?

Mr. McNAMARA: This is in the committee report; that is what I am reading from. But I have the original copy of the letter here. It is a letter addressed from me to the chairman of the commission. I do not know whether I am getting beyond the terms of reference here, but I dealt with this matter of the representation we made to the commission. You might like to advise me, Mr. Chairman, whether you would wish me to pursue the board's policy in this regard, or not.

Mr. ARGUE: Mr. Chairman, it is rather strange that the witness himself raises points of order. But I think anything having to do with explaining the board's policy as set forth in an abbreviated form in this paragraph is very pertinent to the discussion, and I would suggest—with great deference to Mr. McNamara—that only he can decide, knowing what is in his letter, as to whether it bears on this section of the report—the board's policy at that time.

The CHAIRMAN: I think, Mr. McNamara, you could read that letter.

Mr. McNAMARA: I have no objection, Mr. Chairman. I thought it would be helpful. It is information I have made available in other sources, and I think I should give it to the committee.

The CHAIRMAN: It is not private at all?

Mr. McNAMARA: It is not private, as far as we are concerned.

Mr. ARGUE: What is the page in the report of the royal commission?

Mr. FORBES: Mr. Chairman, I am interested in this distribution of box cars. I have been getting resolutions from local elevator associations requesting me to support clause 7 of the Bracken box car report, to be implemented in time for this year's crop. I hope Mr. McNamara will give favourable consideration to this.

Mr. McNAMARA: I am not dealing at all with the Bracken report; I am only advising—at the request of one of the members—the criteria the board held in the crop year 1957-58 in our policy of allocating orders amongst the various elevator companies; and this is the same policy we have had in effect since 1954-55. The first thing we took into consideration—

Mr. ARGUE: Could you tell me the page of the report you are reading from?

Mr. McNAMARA: From page 74. It is a letter I wrote, outlining board policy, for the benefit of Mr. Bracken:

1. The market requirements by grains and grades of grain.
2. Space available in terminal and forward position, having in mind the best possible utilization of railway equipment.
3. The necessity of having a back-log of open shipping orders in the country to enable efficient operation by the railways.
4. The necessity, to the degree possible, of equalizing producer delivery opportunities and the utilization of all space in country elevators to maximize producer deliveries.

Then I go on to say:

In determining the share of each shipping order received by each company, the Board takes into account:

- (a) The proportion of business each company enjoyed in country elevators in years prior to congestion developing and during the period when producers had the opportunity of delivering their grain to any elevator at a shipping point, with necessary adjustments being made in respect of changes in the ownership of facilities.
- (b) The individual company's liability to the Board covering the particular type or grade of grain to be shipped.
- (c) The amount of business each company is originating during the current crop year.
- (d) The proportion of previous shipping orders each company has received from our Board during the crop year to date.
- (e) The unauthorized shipments, or shipments of grades other than those authorized, which have been made by each company.

As I say, that is the general policy of the board as laid down to our officials who are responsible for allocating the shipping orders to the individual elevator companies; and there has been no basic change in that policy since the 1954-55 crop year.

The CHAIRMAN: Is there any further comment, gentlemen?

Mr. ARGUE: Could you give us, for the crop year under review, the percentage of shipping orders that were given to the Saskatchewan wheat pool?

Mr. McNAMARA: May I take that question under consideration? I am not sure if I have all the information—and, of course, if we make available one company, we would want to make all available. I would like to check that.

Mr. ARGUE: May we have those figures?

Mr. McNAMARA: We could get them, if we have not got them. We have not made these figures available for the general information of the companies; but it is not because of any policy of secrecy—particularly to the crop year that has passed—but I would like to check with my colleagues, if we could just take it under advisement for a few minutes.

The CHAIRMAN: Yes. We will proceed with delivery quotas, paragraph No. 5.

Mr. ARGUE: It is clear that this section is being stood now?

The CHAIRMAN: Yes.

Mr. HENDERSON: Mr. Chairman, I have a matter dealing with transportation. I had letters in February, and I will just read them—they are not long. This is a letter from Fort St. John. The first letter I received is as follows:

Dear Mr. Henderson:

... Some time ago we wrote asking if there was any talk of the regulation in the Wheat Board Act being changed which requires us to pay the Fort William rate on barley and oats going to the coast. As you know, that is a sore point here, now that we have the direct rail link to the Pacific coast. We wondered if you had any further information.

I also had a letter dated February 18 from Mr. Churchill:

I have been reading the letter which you handed me signed by Mr. R. B. Johnston of Fort St. John.

This gentleman is the secretary of district 8 of the Farmers' Union of British Columbia.

I note the problem which he raises with regard to freight costs from St. John to Vancouver in connection with coarse grains. Perhaps this matter might better be taken up when the Wheat Board is here, in front of the Agricultural Committee later on this year.

This is a large country in the area of Fort St. John. They used to haul their freight to Dawson Creek, but now we have elevators at Fort St. John. This is a tremendous country and there is a good deal of grain involved. I am sure that this fall we will have more letters.

Mr. McNAMARA: We are conversant with this problem. I am sorry I am not in a position to tell you the ultimate solution. Coarse grains are bought on the basis of in store Fort William-Port Arthur. The problem really which has confronted us is in connection with the P.G.E. railway and movement over that route.

Our solicitor is negotiating with the solicitor of the P.G.E. railway to determine whether or not we and the other elevator companies have shipping rights over that route to Vancouver and whether they can deliver the grain to the terminal destination. The question is whether or not they are a railroad or just a privately owned road. We have to find out whether, when we load grain at Dawson Creek or any other point on the N.A.R. we can transport it at reduced rates to Vancouver. If we can, then we could transmit the benefit of the lower rate to the producers.

I am hoping we will have a decision which will enable the board to decide what we should do with regard to the payment to the producers serviced in that particular area. I am hoping we will have the shipping rights over the P.G.E. which will enable us to reflect in our service a rate benefit to that particular area shipping to Vancouver. Domestic grain is bought by the companies on the account of the board.

Mr. HENDERSON: They are going to have their annual convention in July. I wonder if you would help me by giving us a memorandum of what you have just told us. No doubt this will be the burning question.

Mr. McNAMARA: We will be pleased to outline the situation for you. We are very alive to the problem.

The CHAIRMAN: We will proceed to paragraph 5, delivery quotas.

Mr. EARL:

5. *Delivery Quotas*

On July 23, 1957 the Board announced the basis of the delivery quota policy for 1957-58. Effective on August 1, 1957 an initial quota of 100 units of grain was established, each unit consisting of 3 bushels of wheat, or 5 bushels of barley, or 5 bushels of rye, or 8 bushels of oats, or any combination of these grains amounting to 100 units. At the same time the Board announced that the initial quota would be followed by general quotas based upon each producer's specified acreage.

On February 20, 1957 the Board announced that acreages in cultivated grasses and legumes grown as forage crops would be included as part of the "specified acreage" upon which general delivery quotas are based. Therefore, effective August 1, 1957 the "specified acreage" for delivery purposes consisted of each permit holder's acreage seeded to wheat (other than Durums), oats, barley and rye, as well as summer-fallow and eligible acreage seeded to cultivated grasses and forage crops.

Stocks of grain in store in elevators in Canada on August 1, 1957 were some 40 million bushels greater than on the same date in the previous crop year. Therefore, delivery quotas could only be advanced slowly in the early months of 1957-58. The turning-point came towards the close of navigation in 1957 when the levels of monthly exports surpassed the levels of the previous crop year, and from this time delivery opportunity for producers steadily increased.

The Board's primary objective within the crop year, after completion of unit quotas, was an effective general delivery quota of 6 bushels per specified acre. In early July it was apparent that this objective would be accomplished. At the same time elevator space was being created over wide areas in the prairie provinces as a result of heavy shipments of grain from country elevators and as a result of many producers in the lower yield areas not having sufficient grain to fill delivery quotas then established. By mid-July country elevator stocks of grain were some 20 million bushels lower than on the same date in the previous year. Under the circumstances, the Board decided that available space not required for the 6 bushel general quota should be made available to producers for additional deliveries. On July 15, 1958 the Board announced that a qualified 7 bushel general quota would be established where local elevator space permitted. In announcing this policy the Board stated:

At the following delivery points there is elevator space in excess of the space required for the 6 bushel per specified acre general quota. In order to make this additional space available to the producers concerned, effective immediately the Board is increasing the quota to 7 bushels per specified acre at these delivery points.

The Board does not undertake that space will be available for a full 7 bushel quota at the undermentioned delivery points or that the local storage position will permit the extension of the same arrangement to more than a limited number of other delivery points prior to July 31st next, on which date all 1957-58 delivery quotas will expire.

Before the end of the crop year the Board was able to establish a 7 bushel general quota as described above at more stations than was thought possible in mid-July. Many of the subsequent increases to the 7 bushel basis were at the direct requests of elevator agents. By the close of the crop year on July 31st, 1,718 delivery points were on a 7 bushel general quota and 321 delivery points remained on the 6 bushel general quota.

The following table shows the general delivery quota position, at the end of quarterly periods, during the crop year 1957-58:

	October 31	January 31	April 30	July 31
	1957	1958	1958	1958
Initial quota	1,271	—	—	—
1 bus. per specified acre	771	241	—	—
2 bus. per specified acre	—	1,146	261	—
3 bus. per specified acre	—	650	735	—
4 bus. per specified acre	—	—	639	—
5 bus. per specified acre	—	—	401	—
6 bus. per specified acre	—	—	—	321
7 bus. per specified acre	—	—	—	1,718

Other delivery quota provisions for 1957-58 are summarized in the following paragraphs.

At the start of the crop year a quota of 5 bushels per seeded acre, with a minimum delivery of 200 bushels, was established for Durum Wheat. On April 14, 1958 this quota was increased to 8 bushels per seeded acre, with a minimum delivery of 300 bushels. On June 2nd the Durum delivery quota was increased to 11 bushels per seeded acre, with a minimum delivery of 400 bushels.

The crop year commenced with a flaxseed delivery quota of 5 bushels per seeded acre, with a minimum delivery of 200 bushels. On November 7, 1957 flaxseed was placed on an open quota basis.

The quota policy for 1957-58 included the usual provision for the over-quota delivery of Malting, Pot or Pearling Barley accepted on a premium basis by maltsters, shippers or exporters. At the start of the crop year the over-delivery of one carlot of such barley was authorized. On January 7, 1958, a second carlot of Two-Row Barley was authorized for Pacific Coast destinations. On March 31, 1958 the provision was extended to two carlots of accepted barley to any destination. On the same date a third carlot of Two-Row Barley was approved for any destination.

On June 2, 1958 a supplementary barley quota of 3 bushels per seeded acre was established in Manitoba and Saskatchewan applicable to barley grading No. 1 Feed or lower. Later this supplementary barley quota was increased to 6 bushels per seeded acre applicable to all grades.

A supplementary quota for rye of 5 bushels per seeded acre, with a minimum delivery of 150 bushels, was established on November 7, 1957. On January 9, 1958 this supplementary quota was increased to 10

bushels per seeded acre, with a minimum delivery of 300 bushels. On June 5th the supplementary rye quota was increased to 15 bushels per seeded acre, with a minimum delivery of 450 bushels. On July 15th supplementary rye quotas were discontinued because of the commencement of harvesting.

On September 19, 1957 the Board established a supplementary quota of 5 bushels per seeded acre applicable to Soft White Spring Wheat, where such wheat had been produced under contract with mills. This quota was increased to 10 bushels per seeded acre on January 13, 1958 and further increased to 15 bushels per seeded acre on May 5th. Effective on July 7th Soft White Spring Wheats were placed on an open quota basis for the balance of the crop year.

Under delivery quotas established in 1957-58, producers delivered 576 million bushels of grain and flaxseed as compared with 585 million bushels during the preceding crop year.

Provision for Seed Grain

The Board's policy to encourage the use of good seed by producers was continued through the crop year, with special provision being made to assist producers in acquiring registered and certified seed, and commercial seed where registered and certified seed was in short supply.

Mr. RAPP: Under the specified acreage, wheat, oats, barley, rye, and I guess flax too were listed. But rapeseed was not listed, and in my district particularly it created a hardship and resulted in a loss of money when the acreages were paid out. I received quite a few letters on that account. I would like to see rapeseed listed as specified acreage.

Mr. McNAMARA: When we decided that we would include what we called eligible forage crops, and the soil improvement crops in our specified acreage, it was done to permit producers, who were taking their land out of production in order to improve it, but not to switch to an alternate cash crop. Now rapeseed is an alternate cash crop, and so is sunflower seed. We thought we should recognize the efforts of producers who were reducing their production of cash crop grains, but not to include other cash crops which they might produce. They were soil improvement crops, and we decided that they should be included in our specified acreage.

Mr. RAPP: And what about flax?

Mr. McNAMARA: Flax is not included in specified acreage.

Mr. RAPP: Acreage payments were made on flax, if it was listed in the permit book. But because rapeseed was not permitted, it resulted in a loss of money just on that account, because it was not listed as acreage. However, flax was listed.

Mr. McNAMARA: You may be right, Mr. Rapp; Mr. Earl is checking on that.

Mr. RAPP: I know it is right.

Mr. McNAMARA: You probably have more definite information than I have.

Mr. ARGUE: Perhaps he received a cheque.

Mr. McNAMARA: Gentlemen, may we come back to that? We will deal with it later.

Mr. RAPP: Nevertheless, I think that should be taken into consideration, because in some districts such as Humboldt-Melfort, there is quite a bit sown in the Melfort-Tisdale area. Last year some farmers had 100 or 200 acres of rapeseed sown and received \$1 an acre payment on that account—because it was not specified acreage.

Mr. McNAMARA: Your question really applies to the administration of the acreage payments and not general board policy. We included it in there for the purpose of quota deliveries, but we will deal with your question later on.

Mr. RAPP: I am not having rapeseed listed as certified acreage.

Mr. NASSERDEN: Could you tell me how it comes about that you find one elevator with a quota of three bushels, say in April, and another point not too distant might have a quota of four, five or six bushels per acre on quota?

Mr. McNAMARA: A large number of factors enter into that situation; however, we have been successful in recent years in narrowing the spread. The Churchill shipments have a great effect in that connection, depending on the season of the year. Northern Saskatchewan stations on the Canadian National Railways shipping to Fort Churchill get earlier shipments out, whereas other stations are behind.

Then, of course, you come up against the operation of the railway and the placing of the cars in proportion to the requirements at the individual stations. The railways are cooperating closely with us and are doing a better job each year. However, we are still encountering problems with them. They may supply more cars at one station and starve the next station farther down the line.

Then, gentlemen, there is the grade factor. We have found at certain points there would be an annex full of No. 5 wheat; we draw that particular grade out of that station and at the next station they have not any No. 5 wheat. Therefore, that will upset the space situation.

A combination of factors come into play, and I think we have discussed this with the committee every year. I am not claiming that we have solved the problem by any means, but I think there is an improvement each year. The railways are working conscientiously with us and trying to make their cars available at the points in proportion to the requirements that we indicate for our quota. Of course, movements to Vancouver during the winter is another tremendous factor, because we have continuous shipments during the winter in certain periods from western Saskatchewan; whereas in eastern Saskatchewan and Manitoba there are no shipments at all except mill orders, during the period of closed navigation.

Mr. NASSERDEN: Where a point like that has only one elevator, and it has a low quota, is it possible that the responsibility for the low quota could be placed on the elevator company, because do you not issue the orders to them and they issue the orders amongst their elevators?

Mr. McNAMARA: Yes, I think to a degree they must share the responsibility with us. We are watching that very closely because we are watching the single points as well as the competitive points. In connection with many of the orders we put out we ask them to take care of requirements at the single points before we accept from the competitive points. We found it necessary in some instances to do that in order to make sure the single points are fully serviced.

Mr. BRUNSDEN: The second paragraph on page 5 reads as follows:

On June 2, 1958 a supplementary barley quota of three bushels per seeded acre was established in Manitoba and Saskatchewan applicable to barley grading No. 1 feed or lower. Later this supplementary barley quota was increased to six bushels per seeded acre applicable to all grades.

I am wondering why the two provinces are shown and not the third. Is there some peculiar situation in Alberta that makes it inoperative or impossible?

Mr. McNAMARA: Perhaps Mr. Riddel would be in a better position to deal with your particular question.

Mr. RIDDEL: Yes, there was a peculiar situation in that the feed barley was acquired for delivery at the Lakehead and most of the feed barley from Alberta points was going for shipment out of Vancouver and Prince Rupert; in addition, the Alberta barley producers had also enjoyed slightly higher quotas of selected barley, particularly 2-row barley, of which a large proportion is grown in Alberta; and higher quotas were given there because of the west coast situation. Taking these two factors together, the barley situation was pretty well equalized throughout the three provinces.

Mr. ARGUE: Mr. Chairman, taking the existing quotas on the prairies—the latest figures I have, and I know the chairman will have much later ones—the latest I have are June 15, a few days ago, and they show a very wide range of quotas. They show, for example, that Saskatchewan and Manitoba as of that date have a great proportion of their quotas in the four and five bushel category. Alberta has most of its quotas in the six and seven bushel category. I know also that southern Saskatchewan has low quotas. I am wondering if this very serious discrimination in the quotas that now exists, or existed a few days ago—according to these figures I have in my hand—can be eliminated in a very substantial degree by the end of the crop year? Last year, as has been pointed out, we got the quotas. The quotas at the end of the crop year were six and seven, which means that people at one point perhaps did not have the same opportunity as those at another point, when they were within a bushel of the higher quota.

I am wondering if this same objective can be reached this year. I feel very strongly about this because I represent a part of western Canada that has very low quotas.

Mr. HORNER (*Acadia*): One of the poorer quarters.

Mr. ARGUE: I always get some highly pertinent comments on the record, Mr. Chairman. They are probably poorer financially. But I am interested to know whether or not this discrimination can be overcome in a very substantial degree between now and the end of July, because I think it is a most important principle that farmers living in all parts of western Canada should have substantially the same opportunity to deliver grain. I will go so far as to say that even at times there should be a back-haul of grain against the freight rate in order that this desirable objective may be obtained.

Mr. McNAMARA: Mr. Chairman, I can assure the committee it is the objective of the board to equalize quotas to the greatest extent possible, and I am very hopeful that by the end of the crop year this will be brought about. I am hoping we will be as close as last year, except for the limited stations. This year we have a policy of limited stations. The limited station is one where a station on say a four bushel quota has enough space for all its grain to be delivered there, but some isolated producers have additional grain that they can deliver. We have considered it would be better in order to prevent the accepting of grain against permits, to stop the quota at four, five, six or wherever we limit it, and issue special permits to the producer at that station. We give him a special permit. So except for the limited stations, which will be left in the lower quotas, I am hoping the delivery will be at least the same in the next year as it was during the last crop year.

Mr. ARGUE: Could you tell me the date of the publication of quotas you have?

Mr. McNAMARA: June 15.

Mr. ARGUE: This is the same as the one I have, then. I think Mr. McNamara has made a very important statement, and I would like to get it clarified. He said the quotas will be as close to one another as they were

last year. I take it from that, since we are getting a number of eight bushel quotas, that at the end of July it is the hope of the board that every place, except the limited quota places, will be seven bushels per acre. In other words, this year, instead of six and seven, it will be seven and eight.

Mr. McNAMARA: It is very difficult for anyone to forecast the future. I have been doing a little forecasting the last 12 months, and some of it is coming to roost. But I would say, again, that it is the objective of the board to narrow these quotas as much as possible. All I can say is that I will be very disappointed, personally, if at the end of the crop year we do not have all the stations on a 7 and 8-bushel quota.

Mr. ARGUE: Seven and 8?

Mr. McNAMARA: They were 6 and 7 last year; and 7 and 8. I think it is quite clear, when we went to 8, that we were conscious of the fact that we hoped that would be our objective this year.

We have a number of stations on 8 this year, now. We would not have gone to 8 unless we had an opportunity of bringing the majority of them to that level this year.

Mr. ARGUE: And if you raise them to 7 or 8, it is your anticipation that not only will they be raised to that, but the space will be there for farmers who are on their toes to deliver the quota?

Mr. McNAMARA: I am hoping that will be the case. I cannot give the committee any assurance that it will reach that objective, but that is our target and we are working hard to achieve it.

Mr. ARGUE: I do hope that this target is achieved. I think there is a tremendous disparity in the existing quotas now. It is going to take a superb effort on the part of somebody. And I take it from the statement you have already made that the elevators do bear an important responsibility in that field?

It is going to take a superb effort on behalf of everybody concerned to give the province of Manitoba—to make general statements—and southern Saskatchewan, the same opportunity to deliver grain as those producers who have been fortunate enough to have their lands situated along the marketing areas, that have the advantage of the whole of the Pacific coast or—recently—the whole of Churchill.

Mr. RAPP: I would like to commend the wheat board for giving priority to the stations with tough and damp grain—these stations that have a 7-bushel quota. I know if this priority had not been given to take this grain out, it would have been heated and spoiled grain. In my district of northern Saskatchewan, there were many, many farmers who never threshed a bushel of dry grain last year, and they had a chance to deliver their grain because the wheat board supplied the priority.

Mr. FORBES: What is meant here by a “minimum delivery”?

The crop year commenced with a flaxseed delivery quota of five bushels per seeded acre, with a minimum delivery of 200 bushels.

Does that mean the farmer could not deliver 195 bushels?

Mr. McNAMARA: No; the problem there is, the flaxseed quota is based on the seeded acreage, but in some areas they had a carry-over during the previous year and did not sow any flaxseed in the current crop. So we have to give them a delivery privilege so they could deliver 200 bushels, regardless of the acreage, if they had no acreage at all. It is an advantage to enable that man to deliver that particular grain—to deliver his previous production.

Mr. FORBES: That should be “maximum”, not “minimum”.

Mr. McNAMARA: No; I think he could always deliver, regardless of his acreage, a minimum of 200 bushels. He can deliver over that, to the extent his acreage warrants him to deliver.

Mr. HORNER (*Acadia*): Mr. Chairman, I have a question regarding malting barley. I know a particular farmer who had a carload of malting barley to ship, and the wheat board told him his name was down on the list and as soon as applications were made for another carload, his name would come up.

His name did not come up, and finally the wheat board told him they had made a mistake and had sent the permit to the wrong person. He, of course, in the meantime had to sell his barley for feed and received less for it. He was quite peeved, to say the least. I wonder if any provision was made in that regard, where—if the wheat board did make a mistake—in the coming year, this person would get his name in on one of the first shipping orders of malting barley?

Mr. McNAMARA: I have no knowledge of the particular case to which you refer. I am not saying we do not make mistakes. Like everybody, we must make some; but I have no knowledge. I think you have left the impression that a good deal of barley is handled with the board making the allocation. That is not correct. We announce we will authorize a car over the quota, provided the agent or the shipper of the malting barley gets the maltster to accept the sample and agree to purchase it from the board and take it off storage. Then we authorize the owner to make delivery over the quota.

As those applications come in we look at them against the producer's permits. It is a matter between the producer, the elevator company and, in turn, the maltster. If the car is rejected and the maltster refuses it, we put it back on his quota. The priority of one farmer over another depends on the success he has with the company with which he is dealing.

Mr. HORNER (*Acadia*): He said that his barley had been accepted, that his name was on the list, and that then he wrote the wheat board and received a letter from them saying they had already given permission for him to ship a carload. He had the impression that some other farmer had got his permission to ship.

Mr. McNAMARA: The responsibility was with the agent. The authorization goes back to the agent, who would then tell the customer he is now in a position to accept delivery. If you will give me the details of this case I will be pleased to look into it.

Mr. HORNER (*Acadia*): I have one other question. In the last paragraph you mention that the producers delivered 576 million bushels, compared with 585 million bushels during the preceding crop year. Would it be a correct assumption to assume at the start of the next year there was more space available because of some points which could not fill the permits?

Mr. McNAMARA: Yes; that is correct. The elevator companies are always modernizing their facilities, building new annexes, and additional space becomes available each year. You will notice the shipments out of the country elevators were higher than the previous year, whereas deliveries were lower. That is accountable by the fact that we had a very heavy movement out of terminals and out of the country in July last year. That created elevator space. That was available for the unit quota on August 1 last year to a greater extent than in the previous year.

Mr. NASSERDEN: Is that 7 or 8 bushel quota in effect at the end of the crop year concerned if there is not sufficient grain to fill it? Can a farmer with more than eight bushels get a permit to deliver at these limited stations? Eight bushels is the maximum quota in effect?

Mr. McNAMARA: If a station is limited to four or five, we will authorize a producer to deliver up to the maximum quota in effect.

Mr. NASSERDEN: The other question I have is in respect of farmers who have sold out or disposed of their land and do not have a quota book for that reason. Will they have an opportunity to deliver the grain which they still might have on hand.

Mr. McNAMARA: We have a policy which deals with this.

I think Mr. Robertson might answer the question.

Mr. W. E. ROBERTSON (*Commissioner, Canadian Wheat Board*): This question is related to a man who has sold his land?

Mr. NASSERDEN: Yes.

Mr. ROBERTSON: I will read this:

A producer who has ceased farming operations entirely and does not have access to a 1958-1959 delivery permit—

That is the current year.

—receives a permit for delivery under the unit quota for 300 bushels of wheat or 800 bushels of oats or 500 bushels of barley or rye. Upon return of the special letter of permission showing deliveries under the unit quota completed, a second permit is issued for the balance of deliveries to be made on a specified acreage equal to that enjoyed by the applicant in previous years.

That is, if he had 300 specified acres in the last year of operation, in 1958-59, and he sold his land, and he has not access to a permit book and with a carryover of grain, then his specified acreage of the previous year would be the specified acreage on which he could deliver the carried-over grain in this current year, as quotas were authorized—normally he would be able to deliver eight bushels per the 300 specified acres—he could sell off the grain left after that delivery, and the process would have to be repeated again the next year.

Mr. NASSERDEN: Could that man obtain that kind of permit book if he also had an interest in some land?

Mr. ROBERTSON: You mean a case at reduced acreage. Let us say that the man had a section of land and he sold half a section. He would have a permit in the new year for, let us say, 300 acres. But the previous year he had a permit for 600 acres. So his reduced acreage would be 300 acres, because he was only farming in the current year 300 acres while in the previous year he was farming 600 acres.

Under that reduced delivery privilege the carried-over grain that, presumably, was produced on that acreage that he sold, would cause a reduction in his delivery privilege and reduce his special permit by the total amount of grain held, if it exceeded 1,000 bushels. But if he had less than 1,000 bushels, we would give him a permit and let him clean it up right away. However if it was carried over, the balance over that amount would be delivered on specified acreage based on half the difference between the producer's specified acreage in the previous crop year and the specified acreage under which he would be entitled to deliver in the current crop year.

Again, going back to the 600 acres, he reduced his acreage by 300 acres in the current year. He would then get a permit on 150 acres specified acreage on which the current quota would authorize him to deliver on that acreage still owned.

Mr. NASSERDEN: But suppose he does not want to deliver the grain this year. Would you give him a permit next year on the same basis?

Mr. ROBERTSON: I guess we would. I have not heard of a fellow who would not take advantage of it.

Mr. NASSERDEN: I have heard that it happened, and I wondered why it happened.

Mr. ROBERTSON: Generally we have to look after the man who has carried-over grain.

Mr. NASSERDEN: But if he was able to deliver, why would he not do so?

Mr. ROBERTSON: A case of that kind has never come to my attention. I guess we would. He could make another application, but the question is: would we accept the application? I think we probably would, but I could not be positive about it.

Mr. NASSERDEN: In view of the quota system, maybe he never had the grain in the first place.

Mr. ROBERTSON: We take affidavits from them as to what grain they have in the year's carry over. We take their affidavits.

Mr. NASSERDEN: I know you do that.

Mr. HORNER (*Acadia*): Mr. McNamara made reference to limited stations. I wonder if he would tell us how many limited stations there are right now in western Canada.

Mr. McNAMARA: As of June 15 of this year, there are two stations in Ontario and three stations in Manitoba, one with a four-bushel level, one with a five-bushel level, and one with a seven-bushel level.

In Saskatchewan, they are 34 stations, 7 of which have a four bushel level, 13 of which have a five-bushel level, 10 have a six-bushel level, and four have a seven-bushel level.

In Alberta there are 124 stations, 34 of which have a five-bushel level, 24, a six-bushel level, 44 have a seven-bushel level, and 22 have an eight-bushel level.

In British Columbia there are two stations which have seven-bushel levels. This makes a total of 165 stations out of 2,028 which are on a limited basis now.

Mr. HORNER (*Acadia*): I have nothing against the limited station idea, but would it mean that at some points there is ample storage, but it would not necessarily mean that would be so for continuing years or for any given year in the future?

Mr. McNAMARA: Oh no. We would determine a limited station when we are advised by the elevator agent of the total amount of grain to come in to that station, and when it appears that there is sufficient space at that station we limit it to that basis. But then we give to people who have grain over and above the general average quota—we give them special permits so that there will not be a temptation to a farmer who has run out of grain, and has additional quota, to start taking on grain from other producers in order to deliver it on his quota, which is contrary to the provisions of our act.

Mr. HORNER (*Acadia*): It would not necessarily mean there was ample storage at these points in the future, or in any year in the future.

Mr. McNAMARA: No.

Mr. HORNER (*Acadia*): The Alberta wheat pool says that they are going to wreck 36 country elevators this year. Naturally the farmers in those areas are not too happy with this decision. I wonder if it has any connection with limited stations.

Mr. McNAMARA: There should not be any connection at all because when we limit a station we hope that the facilities will be fully utilized so that cars will be made available at other points where needed.

Mr. HORNER (*Acadia*): Would you say that there is ample storage at country elevators in the west, generally speaking?

Mr. McNAMARA: Do you mean at the present time?

Mr. HORNER (*Acadia*): Yes, or for the future, and at the present time too.

Mr. McNAMARA: I can only give you a personal opinion. I think there is ample commercial storage in Canada. The question has been raised, and I know that my opinion differs from that of others, including some of my colleagues; but I have always felt that in the merchandising of grain we should only have so much in the show window, and that the unwanted surplus can best be looked after on the farms. I think the farmer himself does a better job in looking after it.

Mr. ARGUE: You should pay storage to the farmer for doing so. You pay storage to the elevator companies for looking after it, and I submit you should also pay storage to the farmers for looking after it.

Mr. HORNER (*Acadia*): I agree with the fact that the elevator company gets storage while the farmer does not. But I would more or less disagree with the argument that we should only have a limited amount in foreseeable storage. This all ties in with the Alberta pool deciding to wreck 34 elevators. One of them is a little close to home and I would take objection to it. I would like to have your views on the question of storage.

Mr. ARGUE: Maybe the farmers should buy the elevator, fill it up with grain and make some money out of it.

Mr. HORNER (*Acadia*): There is a good possibility of that.

Mr. McNAMARA: It would be unfortunate if Canada got into the position of our friends to the south. They seem to be going into the storage of grain as a business. I think it would be unfortunate if the rate of storage increased or if any encouragement was given for us to go into the handling of grain on a storage basis as a commercial business. That has developed in the United States.

Mr. ARGUE: This has developed in Canada as well by the elevator companies themselves building huge annexes and elevators. Storage is a lucrative part of their business; half of it is paid by the farmers and half is paid by the national treasury.

Mr. FORBES: That is why the patrons of the pool elevators want the privilege of delivering to the elevator of their choice. They are entitled to a share of the dividends from that storage. That is why we would like to see clause 7 of the box car report implemented this year.

Mr. ARGUE: Mr. Rapp made an important reference to special large quotas for tough and damp grain. I think everyone in the committee will agree that these types of special quotas to prevent grain from spoiling are essential. Could you tell us to what extent the seven and eight bushels listed in the report of the wheat board for June 15 are special quotas for tough and damp grain, or whatever terminology you give to this emergency type of quota.

Mr. McNAMARA: We have authorized all the producers in this particular area to deliver up to eight bushels of tough or damp grain regardless of the quota in effect at their station. In some stations the general quota has not reached that level yet but these stations should come up rapidly. I would think practically all our seven and eight bushel quotas are in that particular area.

Mr. ARGUE: I would like to know the number of points at which special consideration has been given on account of the tough and damp grain situation.

Mr. RIDDEL: There are 179 stations, largely in northeastern Saskatchewan and northwestern Manitoba where they had large quantities of tough and damp grain harvested this past year. Some of these stations are on a seven or eight bushel quota at the present time, but all producers at these stations

have the privilege of delivering tough and damp grain up to an eight bushel quota. It is the difference in the quota in effect, and the maximum of eight bushels.

Mr. ARGUE: They do not have a maximum of eight bushels at these 179 points.

Mr. RIDDEL: At the present time there are 15 stations on a four bushel quota, 30 stations on a five bushel quota, 51 stations on a six bushel quota, 31 stations on a seven bushel quota and 48 stations on an eight bushel quota.

Mr. ARGUE: And there is one station on a five bushel limited quota and one on a six.

Mr. BRUNSDEN: What is the total at the delivery points in relation to the figures which Mr. Riddel just gave?

Mr. RIDDEL: 2,028.

Mr. HORNER (*Acadia*): What is the proportion in Alberta, Saskatchewan and Manitoba; does it come to 2,000?

Mr. RIDDEL: In Ontario there are two, Manitoba, 373; Saskatchewan, 1,087; Alberta, 561 and British Columbia, 5, a total of 2,028.

Mr. ARGUE: These 179 quotas are not listed here at all; the special provisions are not listed here at all.

Mr. RIDDEL: No.

Mr. ARGUE: They are listed as regular quotas and, therefore, so far as these quotas are concerned no reference can be made really to tough and damp.

Mr. RIDDEL: That is right.

Mr. ARGUE: These are special provisions, emergency provisions.

Mr. RIDDEL: Yes.

Mr. HORNER (*Acadia*): Do you have a figure showing the number of special permits given out in that area for the selling of tough and damp grain?

Mr. RIDDEL: No special permits are issued; it is a general provision.

Mr. ARGUE: Tough or damp grain can be accepted in that area up to an eight bushel quota.

Mr. RIDDEL: That is, the difference between the regular quota and eight bushels.

Mr. HORNER (*Acadia*): You would not have any actual record then of the number of farmers that took advantage of these special provisions?

Mr. RIDDEL: No, we do not.

Mr. ARGUE: Is it legal for an elevator operator, after having bought damp grain on this special quota,—with which I agree,—to mix it with a dry grain, to bring it down to a tough grade, and to get box cars to haul out the tough grade? In other words, is it possible for elevator companies, because it is to their commercial advantage, to transport some of their dry grain on the basis of having mixed it with damp grain that has been bought under a special quota at that point?

Mr. RIDDEL: Yes.

Mr. ARGUE: That is, to bring it down to a tough grade?

Mr. RIDDEL: There is nothing to prevent that being done in country elevators.

Mr. ARGUE: Does the board, or the board of grain commissioners have any record of this practice going on? In other words, when it is done do you know about it?

Mr. RIDDEL: We would know by a comparison of the grades purchased from producers during the year and shipments made during the year.

Mr. ARGUE: Some of the criticisms I have heard from people on low delivery points is that while they have no objection whatsoever to special provisions for the purchase of tough and damp grain from the producers, there should be some further control over mixing in country elevators so it is not used as a ruse to get rid of a great deal of dry grain that otherwise would not be shipped.

Mr. RIDDEL: It is one way, of course, of conditioning the tough grain or the damp grain in country elevators and being able to carry it longer than perhaps if it remained in the damp state.

Mr. ARGUE: But is it not right, though, that up in these areas there has been special consideration given to them for box cars to haul it out; so it is not really, in the main, being mixed to store, but mixed to ship?

Mr. RIDDEL: There is special provision made whereby they can order a car for shipment of damp grain; but in the case of tough grain they must make an application to the board to obtain an order for the shipment.

Mr. Chairman, you might be interested in the shipments made of tough and damp grain from that area during the present year.

The CHAIRMAN: Yes.

Mr. RIDDEL: Up to June 19, 9,126 carlots of tough grain were shipped from that area, and 1159 carlots of damp grain.

Mr. ARGUE: How many carlots were shipped in western Canada during that period? In other words, is that pretty tiny percentage or a tiny fraction of the total grain shipped?

Mr. RIDDEL: The total number of carlots of grain shipped in western Canada up to June 10—which is not exactly the same date, but near enough—was 213,882.

Mr. ARGUE: So that five per cent, or so, has been going out as tough and damp grain.

Mr. Chairman, on this general quota picture, would I be correct in saying that one of the reasons that quotas have been relatively low in Manitoba and relatively low in the southern part of Saskatchewan is because, relatively speaking, there have been fewer shipments through the lakehead? In other words, the main shipment, or the main draw of grain has been to the west coast and in the smaller area up to Churchill?

Mr. McNAMARA: Yes, and I might couple that with the fact that the movement of grain out of the lakehead, since the opening of navigation, has been substantially lower this year than last year, and that has the effect of retarding producer deliveries. Already there are some indications of improvement, and we are anticipating there will be a larger number of boats available from now to the end of the crop year and a very heavy movement of grain out of terminals. But it is a fact it is affecting producer delivery in the particular area when the producer can ship only to lakehead destinations.

Mr. ARGUE: Mr. Chairman, I am very pleased that Mr. McNamara has made this statement—and it underlines something that I have been saying: that is, that this very serious falling off of shipments through the lakehead last year, while it may not—in the words of the board—have resulted in any particular loss of overseas market, has had a very, very adverse effect on the grain shipment situation in Manitoba and parts of Saskatchewan, and on the quota situation. And the figures I have for June 10—I will ask Mr. McNamara if he can give me later ones—show that in the navigation season up to this time—the opening of navigation shipments through the lakehead

—there were just 71.4 million bushels, as compared with 122.8 million bushels last year. In other words, they show a drop of 51 million bushels. I do not know if that picture has improved in the last week or 10 days; I do not suppose it could have improved very much. But we are running 50 million bushels behind last year.

I wonder if you could tell us what the reason is. The seaway was to improve things; there was to be a greater volume of traffic. There have been a great many jam-ups in the seaway, and there has been all kinds of grief and trouble with it. Is it that the seaway is not letting the boats through; did the boats not come to do the grain business this year; did they do other, more lucrative business? Why have not the boats been hauling out of the lakehead in the same volume? Or is it a drop in the markets or exports?

Mr. McNAMARA: Starting with the last first: I made the statement previously that the reduction in the movement out of the lakehead has not in any way affected our sales position. I do not think we have lost one bushel of sales, because, fortunately, we had adequate stocks in position to take care of the demand. I only wish that statement was not true; I would have liked to have seen enough business that we would have been short of stock. But that has not been the case. So the reduction of the movement out of the lakehead has not affected our sales position at all. But it has affected the producer delivery—particularly in recent weeks. I am hopeful, though, that they will be picked up.

In dealing with the movement out of the lakehead and the reason why it has not been as much as last year, there are a number of factors involved including, of course, the operation of the seaway, the presence of more ocean-going vessels at the terminals, slower loading of vessels, and factors of that kind. But generally, you must remember, we had a late opening in navigation, and it was not a clean opening this year. Although the official date was only a short time ago, all the boats arriving found the slipways still frozen and we had more difficulty in getting grain out.

There has been, also, a very great movement of ore, and while we have been successful in chartering space, more space could be utilized and active in the grain market. I am very hopeful—in fact, there has been some improvement in recent days—that the movement from the lakehead will be very heavy for this crop year. I do not think we will reach the quantity, during the opening period of navigation, that was moved last year.

As Mr. Argue pointed out, we are running about 50 million bushels behind. So far this year—up until last Thursday—we moved about 80 million bushels from the lakehead, as compared with 131 million bushels at this time last year. So we are still running approximately 50 million bushels behind last year's movement.

Mr. ARGUE: Are the boats boycotting the shipment of grain; are they complaining about the charges—or do they just want to try something else, because the seaway has been opened?

Mr. McNAMARA: No; there are a number of factors. I would not want to pose as an expert in saying that I know all the factors; but I do say that the lake boat operators, in view of the demand for ore—and anticipating that ocean vessels are going to be presented in large volume at the lakehead—they feel they should go in for ore to a greater extent than they did last year. Even with the early movement of ore this year, it did not enable us to get the early turn-around that we usually enjoy in the grain movement. Usually we get one or two ships to the bay with grain before any ore comes in. But both commodities opened at about the same time this year, and we lost part of that early turn-around that we picked up the previous year.

That was a very major factor in the early reduction of movement. Recently, "salties"—or, the ocean boats; that is the new trade name for them, "salties"—are not showing up in the same volume at the lakehead they anticipated they would. So the movement directly overseas from the lakehead has not been as large as I anticipated it would be and I think not as large as the owners, for example, anticipated it would be.

The competition of ocean boats has not provided the movement we anticipated in the first place. Out of the 80 million bushels moving out of the lakehead, only 8½ million bushels have been moving directly overseas. It is 4.3 to the United States, which is down from last year's movement. That has been a factor, because the movement of oats and barley to United States market this year has reduced movement out of the lakehead. We shipped 66.9 million bushels to Canadian ports.

Mr. ARGUE: In view of the fact that "salties" are not moving as expected, will the saving as a result of the seaway be less?

Mr. McNAMARA: We anticipated you would wish a full explanation in respect of the operation of the seaway and in our supplementary report we refer to it.

At that time I would like to give the committee a prepared statement setting out in detail the policy the board followed when the seaway came into operation.

Mr. ARGUE: I think this is a very satisfactory point at which to leave the seaway. I hope the explanation will clear up some of the dissatisfaction which undoubtedly exists because of the drop-off of 50 million bushels in shipments.

In front of me I have a table which shows, up until the end of May, the shipments of grain in Saskatchewan from various marketing points. It shows a very great discrimination over a very wide range in the number of carloads of grain that have been taken out, either by shipping points or by elevators—in that area which is the northeast, I take it, where tough and damp grain prevails. There is a situation which varies as much as a number of cars per elevator shipped out of district B of the Saskatchewan wheat pool district in Saskatchewan, which is the southwestern part, just a bit above the United States border. There were 27.9 cars per elevator out of that point and getting up to 43 cars in district L, for example. District L is in the extreme north-western part of the province.

I have some other figures here. I am sorry; I made an error. The first figure I gave was district B which is in the south central part of Saskatchewan.

Mr. FORBES: Where did you get those figures?

Mr. ARGUE: I do not think I will answer that question.

Mr. FORBES: From the Saskatchewan wheat pool?

Mr. ARGUE: The answer to that is "no".

Mr. FORBES: If you use the crop district numbers we will know to which district you are referring.

Mr. ARGUE: This is the district map of the Saskatchewan wheat pool, which was not supplied to me by the Saskatchewan wheat pool. I do not suppose they know I have it. I will be glad to show it to anyone. I do not want the impression left that somebody in the Saskatchewan wheat pool is feeding me information to put before this committee; that is not true. This comes from a private source. The source from which this came or the person who supplied it, has gone to a great deal of work and through a mass of statistics. If the wheat board wish to tell me the figures are wrong, then I will accept the correction.

I wonder, with this great difference in the number of box cars, or car-loads shipped per elevator point in the different districts, whether or not the railway companies have fallen down. The statement was made this morning that the railway companies are an important factor in this situation. I can tell the committee that at one time, a couple of years ago, I suspected that particular pressure was being applied to create quotas in a certain part of Saskatchewan. I thought I had a political case. I looked into it very, very carefully, and I came to the conclusion that the Canadian National Railways was doing a better job than the Canadian Pacific Railway, and that was the reason.

Is the Canadian Pacific Railway falling down? I come from a part of Saskatchewan where we depend very largely on the Canadian Pacific Railway to haul out our grain. I want to know if they are dragging their feet or failing to do a job in this regard.

I believe that these limited stations have an adverse effect on the economic position of a great many farmers, and I think it requires a thorough inquiry and action, if it is necessary, by the railway companies to improve it.

Mr. McNAMARA: We do not keep our records on the same basis as the pool records are kept, although I have some personal knowledge and I am somewhat familiar with their divisions. However we keep our records by provinces and by railway subdivisions.

Speaking first of fall very generally, when Mr. Argue referred to division B which is in south central Saskatchewan it is an area which is tributary mainly to the lakehead. So shipments to Fort William would influence that particular area.

However in division L, which is mainly a Canadian National Railways area, shipments going to Churchill would play a very prominent part there, as well as shipments out of Vancouver because of the differential to Vancouver, which is such that it favours shipments from that particular area to Vancouver. So it is only natural that shipments in those areas are ahead of shipments from areas which are serviced only by lakehead deliveries. That is a general statement.

But dealing with the position between the railways, Mr. Riddel has figures from the sub-divisions of the railways, and we can give you the figures by each railway line this year as compared to last year, if the committee is interested in that information.

Mr. W. RIDDEL (*Assistant Chief Commissioner, Canadian Wheat Board*): Up to June 10 a total of 213,882 cars were shipped by the railway companies this year as compared to 234,808 a year ago. That is a reduction of 20,926; and the reduction was approximately 14,000 on the Canadian Pacific Railway and 5,500 on the Canadian National Railways, and about 1,500 at NAR points. That made up the difference.

Mr. ARGUE: Are you satisfied that the Canadian Pacific Railway has been doing as well as you could expect under the circumstances? These figures are accurate, but they do not mean too much in a relative sense to me.

Mr. RIDDEL: I think that perhaps part of the reason is that the Canadian Pacific Railway is largely located in the southern part of the provinces, particularly in southern Saskatchewan and southern Alberta, and that shipments have decreased to the lakehead, I think there has been also a decrease at Canadian National Railways points in that area. Canadian National Railways points, which are located farther north, are tributary to Churchill and Vancouver and other areas.

I have just one other set of figures which I would like to give to the committee. This is based on the tabulation of the shipments required at

the various shipping points by railway divisions and subdivisions to provide for a seven bushel quota.

Taking the areas, the division B, to which you referred would be somewhat comparable to the Regina division on the C.N.R. and the Regina division on the C.P.R. I would like to give you a comparison of the cars required in the various divisions and to show on the basis of the number of elevators and so on that it does not appear that the Regina division really is suffering to any extent, compared to other railway divisions.

The Portage-Brandon division of Canadian National Railways, with 150 elevators, required as of June 12, 4,107 cars to bring all stations up to a seven bushel quota where there is sufficient grain on farms available to deliver up to that quota. The Dauphin division, with 104 elevators, required 3,173 cars; the Regina division, with 147 stations, required 3,415 cars; the Saskatoon division, with 128 shipping points, required 3,729; the Prince Albert division, with 164 stations, required 2,300 cars, and it is in that particular division that really comprises the northeast where the tough and damp grain has been located and where they have been getting preferences in shipments; the Edmonton division, with 122 stations, only required 493 cars; the Edson division, with 30 stations, required 10 cars; and the Calgary division, with 97 stations, required 794 cars.

In connection with the C.P.R., the situation is very much the same. On the Regina division, with 124 stations, 3,027 cars were required to bring it up to a seven bushel quota; on the Moose Jaw division, with 136 stations, 3,985 cars were required. For comparative purposes, the Portage division, with 115 stations required 2,727; Medicine Hat, with 109, required 2,386 and Lethbridge, with 115 stations, required 2,704.

The CHAIRMAN: Gentlemen, I believe it is past the noon hour now. Is it the desire of the committee to adjourn until 3.30 this afternoon?

Agreed.

—Luncheon adjournment.

AFTERNOON SESSION

June 23, 1959.
3.30 p.m.

The CHAIRMAN: Gentlemen, we have a quorum. If there are no further questions on paragraph 5, we will proceed to paragraph 6.

Mr. HORNER (*Jasper-Edson*): If I may, Mr. Chairman, I have some questions on paragraph 5 in regard to the issuing of permits. First of all I would like Mr. McNamara to give us the legal definition of "producer", in regard to the issuing of permit books.

Mr. McNAMARA: If you would excuse me a minute, I am sure I have the legal definition with me. I had anticipated the question.

"Producer" includes, as well as an actual producer, any person entitled, as landlord, vendor or mortgagee, to the grain grown by an actual producer or to any share therein. "Actual producer" means a producer actually engaged in the production of grain. Grain includes wheat, oats, barley, rye and flaxseed.

Mr. HORNER: (*Jasper-Edson*): I would like to follow up with a question concerning the issuing of permits to those people who do not have any of their land seeded to grain in the 1958-59 crop year. Your legal definition is not restricted to any particular year; It is not restricted to the particular year in which the permit is issued.

Mr. McNAMARA: That is right.

Mr. HORNER (*Jasper-Edson*): I am quite sure, Mr. McNamara, that you are aware of the information I am seeking. I have a great number of people in my constituency who have been refused permits on the basis that they were not actual producers of grain. My contention is that they ordinarily do produce grain but, because of one reason or another, either because they were growing forage seeds to improve their land, as farmers in other areas would summer fallow, they did not do so. These people ordinarily produce grain and I think they are entitled to the permit book if they applied. I can quote from the legal definition of the wheat board which agrees with my contention, but so far they have not been issued with permit books.

Mr. McNAMARA: You are raising questions in regard to acreage payments and under those provisions which relate to eligibility for securing a wheat board permit.

As I pointed out this morning, the authority for the payment of the acreage payment is the federal Department of Agriculture; the wheat board merely acts as their agents in facilitating the distribution of the payments, although in their regulations a man to be entitled to an acreage payment had to be eligible to receive a wheat board permit; so you can see that the question is all tied up. The point you wish to raise is why we do not issue wheat board permits to some people who have applied for them. Well now, gentlemen, in following the advice of our solicitor, we have interpreted eligibility for wheat board permits to mean those producers who are actually engaged in the production of grain. We experienced no difficulty in this regard until we started to administer the acreage payments for the Department of Agriculture. Then, as I am sure the committee is aware, we received a number of applications from producers who had previously never taken out a wheat board permit book, or they had taken one out a number of years ago and had not bothered to take one out in recent years. This created a difficult problem for the board when it had to decide which of these producers were entitled to permits. Some had grain carried over from previous years and have not grown any recently; however, they held a permit in the past and where our records indicated that, we have issued permits. Others have been able to satisfy us that they were actually engaged in the production of grain, even though they were not producing it for commercial marketing; they were selling it to the neighbours or feeding it. In these cases we have issued permits to them and they are eligible for the acreage payments.

I am speaking now from memory, but I think we have issued about 5,000 permits this year to producers who had not previously in the past year applied; therefore, I think we have been quite liberal in our interpretation of these regulations. However, we have had some cases—and I believe these are the ones which Dr. Horner has in mind, but he will correct me if I am not correct—where we have found producers who are growing only forage crop feeds and not producing grain. We have made the decision that in these cases we would not be justified in issuing a delivery permit to those people, which would indicate they are producers of grain. We contend they are producers of forage crop feeds and we have not satisfied ourselves that they are grain producers. There have been a number of these applications rejected by the board. Is that the situation you are referring to?

Mr. HORNER (*Jasper-Edson*): Yes, as I understand it, it is; but I disagree that it is a problem of the Department of Agriculture because, according to the Canadian Wheat Board Act, if these people can show that they ordinarily do grow some grain they are entitled to a permit. That is as far as it should go. I have received letters from various people, and affidavits from some, stating they ordinarily do grow grain. I have a letter from a

man who was instructed by his field crop supervisor to put his land into forage crops in 1958-59 and I have received other letters from people in our area who have not had the facilities for selling grain; and some of these, because of their storage facilities on the farm, did not put in grain in the 1958-59 crop year. However, ordinarily they did produce grain and my contention is that these people are entitled under the act to a permit book. This is borne out by the solicitor for the Canadian Wheat board, and I would like to put this on the record.

In the writer's view to be entitled to a permit book under the Canadian Wheat Board Act the applicant must first qualify as a person engaged in the production of grain or as a producer within the foregoing. At the time of his application in this respect I would not regard the fact that the applicant had all his land in summer fallow or seeded to forage crops or had no grain on hand, as necessarily conclusive against the application. The question at issue in deciding each application for a permit book must be what is the bona fide purpose and object of the applicant's farming operations. If any part of it is the production of grain, he is entitled to a permit book.

Most of these farmers are not entirely in the forage crop production; very few are in it. Most of my constituents are small mixed farmers; they are just getting started and I contend they are entitled to a permit under the act as it now stands. I contend they are entitled to the acreage payment. That is not the concern of the wheat board; their concern is whether or not these people are entitled to a permit book.

I have other legal opinions in regard to the act, and they agree with the opinion of the solicitor of the Canadian wheat board, that these people, so long as they can show they are ordinarily producers of grain, no matter how small, are entitled to a permit book.

Another thing is this. If some of these people had walked into an elevator between June 15 and September 15, it did not matter what they told them; they would get a permit book. If they had five acres they would have received a permit book right there and then. Because they did not do that they are being discriminated against. Because in this particular crop year they did not have any grain available, for various reasons as I say, they have been refused permit books. The wheat board is legally responsible to issue these people with a permit book and if they do not, I do not know what other recourse these farmers will have other than to go to the courts.

Mr. MCILRAITH: Mr. Chairman, I understand these acreage payments were provided for in the supplementary estimates of last year; have you got the act and the item in the estimates before us? It seems to me that it should be put on the record at this point.

Mr. McNAMARA: I am sorry; we have not it.

Mr. MCILRAITH: I wonder if we could have the Clerk of the Committee get that item from the estimates and have it put in the record at this point. This is the authority for the payments we are discussing.

Mr. HORNER (*Jasper-Edson*): This has nothing to do with what I was discussing.

Mr. MCILRAITH: Yes, I realize that, but the Canadian wheat board disburses the money and it is a matter of what the authority is.

The CHAIRMAN: Mr. McIlraith, it was the decision of the committee that we would take the matter of acreage payments up after we have disposed of the wheat board report.

Mr. ARGUE: We had decided to leave it until after the noon hour adjournment in any event.

Mr. McILRAITH: That will be satisfactory, but could it be arranged to have the secretary get that for us?

The CHAIRMAN: It will be dealt with when the finance statement is taken up.

Mr. McILRAITH: Could we have the clerk get it and have it available for us at that time?

Mr. RAPP: Mr. Chairman, Mr. McNamara has listed the grains, wheat, oats, barley, rye and flax and he has not listed rapeseed. Why then must the rapeseed producer pay the one cent under the P.F.A.A. if rapeseed is not a grain?

Mr. McNAMARA: I do not quite understand your question. You want to know why he has to pay the one per cent P.F.A.A. levy.

Mr. RAPP: That was not the question. You said a producer is a person who produces wheat, oats, barley, rye and flax. You did not name rapeseed and I take it that means a person who produces rapeseed is not a producer and is not entitled to a permit. However, When we deliver rapeseed to the elevators we must pay one per cent for P.F.A.A., the same as the other grain producers.

Mr. McNAMARA: You are confusing the two because the P.F.A.A. is not the responsibility of the Canadian wheat board; it is under the jurisdiction of the board of grain commissioners. An actual producer means a producer actually engaged in the production of grain, and grain is defined in our act as wheat, oats, barley, rye and flaxseed; it does not include rapeseed.

Mr. HORNER (*Acadia*): Grain is defined also in the P.F.A.A. and rapeseed is included.

Mr. McNAMARA: I understand that is correct.

Mr. HORNER (*Acadia*): I think Mr. Rapp has a very good point when he says the producer producing rapeseed should qualify for a permit book. In your definition, if he was not producing anything, he would not qualify for a permit.

Mr. McNAMARA: I wonder if we gave Mr. Rapp the answer to the question he raised this morning in regard to the acreage payments. When we do that I think we can clear this up. The man with the rapeseed did get the acreage payment.

Mr. HORNER (*Acadia*): It should be included also in the definition.

Mr. McNAMARA: In our act?

Mr. HORNER: (*Acadia*): Yes.

Mr. McNAMARA: It would require an amendment to the act, because at the time the only grain that is mentioned is wheat, oats, barley, rye and flaxseed.

Mr. HORNER (*Acadia*): Rapeseed has come into prominence in the last five years and I think there should be a provision made in the act to take in any new grain or new product.

Mr. McNAMARA: Mr. Earl will give the information Mr. Rapp was seeking.

Mr. EARL: This concerns Mr. Rapp's question on the eligibility for acreage payments. I am quoting from the regulation of the Department of Agriculture, as the terms of reference to the Canadian wheat board:

"Cultivated acreage" means total farm acres set forth as seeded or in summer fallow in a permit book but shall not include uncultivated land or natural pasture.

Mr. RAPP: Rapeseed was not included in the specified acres.

Mr. EARL: That is correct.

Mr. RAPP: But flax was, and we do receive payment for flax at \$1 an acre, but no payment for rapeseed.

Mr. McNAMARA: You do receive a payment for rapeseed if the producer was a producer of grain in addition to being a producer of rapeseed; but if he was a sole producer of rapeseed he was not eligible for a wheat board permit and was not included.

Mr. RAPP: If a producer had all kinds of grain, oats, wheat, barley and rapeseed you still could not receive \$1 per acre, while in the case of flax you do receive it?

Mr. McNAMARA: They both counted up to the 200 cultivated acres. He can never get more than that.

Mr. ARGUE: Suppose there are 50 acres in summerfallow, 100 acres in wheat and 50 acres in rapeseed, how much money would he get?

Mr. McNAMARA: \$200.

Mr. HORNER (*Acadia*): If he had 200 acres of rapeseed he would not get anything.

Mr. McNAMARA: No, he would get nothing.

Mr. HORNER (*Acadia*): That would be the sad part of it.

Mr. ARGUE: Mr. Rapp was referring to what would be 98 per cent of the cases, that is where the producers of rapeseed are also the producers of some other grains, and the wheat board people are now saying rape is considered a cultivated acreage; and as long as you have a permit book and some rape and other grains you get your payment.

Mr. KORCHINSKI: I would like to refer to some statements given this morning. Mr. McNamara mentioned that the quotas had gone up to six and seven in some areas, but that permits were granted to enable others to get up to eight bushels an acre; is the board satisfied that the eight bushel quota would take in all the damp grain?

Mr. McNAMARA: No, We are satisfied it will not take all the damp grain. In some cases the quota would have to go up to 20 or 25 bushels to take all of the out-of-condition grain, but it is a question of whether we should take all the out-of-condition grain or give them maximum marketing opportunities.

Mr. KORCHINSKI: Has the wheat board any figures to indicate the number?

Mr. McNAMARA: Yes. We have had periodic surveys conducted through the elevator agents and have a pretty general idea of the quantity up to eight bushels, which will have to be moved. We know in some degree in certain areas what quantity over eight bushels will still be left on the farms. It was a question of whether or not we would take all the damp and other grain. We felt if we provided the producers with the opportunity of delivering what appeared to be the maximum quantity we could take from any production of the farm, we would be giving them a fair break. We must remember that in some years this out-of-condition grain has extended over in a much wider area than in the last year.

In 1951 we had a large percentage of all grain harvested which was considered damp. We want to do everything we can to salvage it to the greatest extent possible.

Mr. KORCHINSKI: Could the committee be given some table indicating where these areas are and how much grain is involved in these areas.

Mr. McNAMARA: Mr. Riddel gave some figures this morning. They will be in the record. Do you wish it broken down by individual shipping stations?

Mr. KORCHINSKI: If it is at all possible.

Mr. McNAMARA: It would take some time to prepare it, but if the committee wish it we could arrange to have it done.

Mr. KORCHINSKI: I am interested in it.

Mr. McNAMARA: Could we make it available to this member. Then if any other members wish it they could speak to the secretary and have it sent to them.

Mr. KORCHINSKI: If you put it on the record it will be available to everyone.

Mr. McINTOSH: I have two topics on which to ask questions. I understand we are now on permits. I also have some questions in respect of quotas. Do you wish first to finish the paragraph on quotas?

Mr. ARGUE: I think we have been dealing with both at the same time.

Mr. McINTOSH: In respect of permits, I understood Mr. McNamara to say that producers of grain were entitled to permits.

Mr. McNAMARA: Yes.

Mr. McINTOSH: That has not been the case in respect of sons of farmers starting up. For various reasons you have denied them permits; one, because they are not of age, even though they own their own lands; another reason is because they are not living on the land they are farming. Why is that, if a producer of grain is entitled to a permit book?

The CHAIRMAN: May we have the question again?

Mr. McINTOSH: I was asking in respect of the sons of farmers. The statement was made that the producers of grain are entitled to permit books. In some letters I have seen your excuse for not issuing permit books where you have said he is not over the legal age of 21. A lot of these lads start farming before age 21. You also make the excuse that a farm adjoins the father's farm, or they are living at home and are not entitled to a permit. You cannot have a definition for one and not for the other. That is discrimination.

Mr. RIDDEL: In connection with that question, I would say that where it can be shown to us that the son either owns land on his own or has rented land, and that all of the proceeds of the grain grown on that land belongs entirely to him and not to his father or to some other person, apart from the rental of the land, then he would be entitled to a permit book. We have not refused permit books because of the fact that the same machinery may be used by the son as by the father or that the son was staying at home.

In the case of some minors, we have refused permit books where we have found that the land was merely put in a minor's name in order to obtain a second permit book. I think we have had cases where permit books have been taken out in the name of children about eight or twelve years of age. Where the minor is, say, eighteen or nineteen and is actually farming, owns the land or can show he is renting the land and that the proceeds from the grain belong to him, then I do not think there has been any difficulty in the granting of the permit book.

Mr. McINTOSH: I can show you in two minutes that you are wrong. If you want proof I will go and get it right now in the form of your own answers. May I have the privilege of asking my other questions later on?

Mr. ARGUE: Mr. Riddel made the statement that permit books have been issued in the name of a minor child eight or nine years of age. I do not think

the idea should get about that farmers are following this practice. It is pretty easy to have this type of thing spread all over the place, that the farmers use this means of chiselling.

Mr. RIDDEL: Mr. Chairman, I was merely giving that as an illustration, where we had refused a permit book to a minor.

Mr. ARGUE: Half a dozen cases, or something like that.

Mr. RIDDEL: I am merely giving that as an illustration, where we had refused a permit book taken out in the name of a minor.

Mr. ARGUE: Then you say there is the case of the person who is eighteen years of age, let us say, who has the land in his name. How would you define that?

Mr. RIDDEL: He can show he possesses that land or has a lease.

Mr. ARGUE: From his father?

Mr. RIDDEL: From his father or any other person, provided he can also show that the proceeds from all the grain grown on that land belonged to him and has not been turned over to his father or some other person.

Mr. ARGUE: The machinery does not enter into it at all?

Mr. RIDDEL: No. At one time in 1950 or 1951, I think that was one of the factors taken into consideration in determining whether or not land was being farmed as a unit. I might say that reference to this is found in a section in the Canadian Wheat Board Act which states that not more than one permit book shall be issued in respect of land comprising any farm or group of farms operating as a unit..

Mr. NASSERDEN: Have you any pamphlet which can be placed on the wall of an elevator, inside the office outlining who is entitled to a permit book, and the conditions?

Mr. RIDDEL: I think we do that, Mr. Chairman, when we release the permit books.

Mr. KORCHINSKI: I wish to follow up what was mentioned a few minutes ago. It was said that it depended on whether or not a minor could show that the proceeds go to him. What methods are used; how does he show you he receives all the proceeds?

Mr. RIDDEL: In many cases, he can show it is banked in his own name, that he pays taxes and that the land is recorded in his name. In some cases, he has filed income tax returns, and so on, and can show that the grain is not intermingled. That is another thing we take into consideration in determining whether or not the land is being farmed as a unit. Where we have knowledge that the grain is being intermingled in storage, that is the grain from the two farms is being intermingled in storage before delivery to the elevator, it seems to us in such cases the land is being farmed as a unit.

Mr. KORCHINSKI: In such cases, do you have the inspector go out?

Mr. RIDDEL: I think we would have our inspector go out.

Mr. KORCHINSKI: Would you accept the recommendation of the elevator agent, or in such cases would you immediately send out an inspector?

Mr. RIDDEL: We check with the municipal authorities and with P.F.A.A.

Mr. GUNDLOCK: Do I understand that the definition of a producer is also tied in with what he does with the produce or the money afterwards?

Mr. RIDDEL: No. We merely use that as a criterion to determine whether or not the farm land in question is being farmed as a unit along with the father's land or some other party's land.

Mr. GUNDLOCK: That does not look very good to me. What he does with the money afterwards I do not think should have anything to do with it.

Mr. McNAMARA: This problem has become accentuated, due to the fact that the government decided to use us as the agency for the acreage payment. Up until that time, while we had trouble with fathers and sons, and so on, the only inducement for additional permits at that time was the unit quota and probably an additional car of malting barley.

Now, however, the government decided to use our permits for distribution of the acreage payment, and this problem of father and son has been greatly magnified. We are not trying to discourage sons from staying on their fathers' farms and becoming farmers; we like to see that. However, something has to be done if the government in its wisdom decides to repeat this payment, because we find in some cases we are receiving applications for permits from the sons on the farm, and even some of the girls now are helping the fathers; it would be to their advantage to split up the operation and accumulate as many wheat board permits as possible.

It seems that the problem will be for you to decide whom you want paid when the acreage payment is made. If you want to pay all members of a family, we can do so; but, if it should be only those who are individual farmers and not those who are farming as a unit, then I think the criteria we use to determine eligibility are pretty sound.

Mr. ARGUE: This is an old problem, at least it is fairly old, of having difficulty. In the past you have had many instances of a son who farms in his own right, but the farm was considered to be a unit and therefore only one permit was issued. This is not something which arose the moment the government announced the \$1 per acre.

Mr. McNAMARA: No; but it was since we changed our definition. At one time we figured the use of machinery was a criterion, but it was pointed out that people now share machinery, and we changed it. When you have a father and son farming together, who intermingle their grain and they have one bank account and the son is not paying taxes, it is pretty hard to convince me that father and son are not operating as a unit. If they are, we are bound under the provisions of the act to issue one permit. It may be that parliament would wish us to revise our policy. However, we have been administering the Wheat Board Act in accordance with the provisions of the act at the time it was passed by parliament. I do not think it was intended to be used for the purpose of making the acreage payments.

Although this is an old and difficult subject, I think it has been greatly accentuated since the acreage payment has been in force.

Mr. McINTOSH: May I continue my questioning?

The CHAIRMAN: Yes.

Mr. McINTOSH: The statement was made that the producer of the grain would be given a permit. In a letter from your office under the signature of Mr. Wells it says: We therefore feel that the quota should be for producers who have established themselves, have their homes, their farm and are completely independent. That does not hold true with the statement just made before I left the room. In this case, the lad was over twenty years old, has the land in his own name, and has had it for four years. He had a permit book and you recalled it from him. I have had other cases.

Mr. McNAMARA: Is his grain being intermingled with his father's, or is it being merchandised separately? That is probably the best criterion we now have. The machinery one is outmoded. Persons who are not even related are sharing machinery.

Mr. McINTOSH: When you are investigating, what authority have you to decide whether or not the person is a bona fide farmer?

Mr. McNAMARA: We have to rely on our own judgment. We have to try to judge fairly whether or not a man is entitled to a permit under the provisions of our act.

Mr. McINTOSH: Do you have someone, for instance, from Winnipeg who goes out and looks over the situation?

Mr. McNAMARA: We have a permit department in Winnipeg; they go out. Most of the time we have been using our inspectors and a great deal of time is spent in checking isolated cases, where there seems to be a definite question as to the eligibility.

Mr. McINTOSH: I want a definite statement from the wheat board as to who is, or is not, entitled to a permit book. You say if he is producing grain and can prove he owns his own land, then he is entitled to the permit book.

Mr. McNAMARA: I do not think Mr. Riddel said exactly that. If he owns his own land, is binning the grain he produced off that land, separately, and is merchandising it in his own name.

Mr. McINTOSH: What do you mean by merchandising in his own name?

Mr. McNAMARA: Selling to an elevator company.

Mr. McINTOSH: He cannot if he does not have a book.

Mr. McNAMARA: What I am trying to say is it is quite possible we will have to revise our whole system of permits, due to the acreage payment and the fact that now everybody wants a permit. Up until now we have been able to cope with the problem reasonably well. We have had difficulties, but the whole problem has been accentuated due to the acreage payment.

Mr. McINTOSH: Will you give us a statement right now as to whom you will accept as a bona fide farmer.

Mr. McNAMARA: We will draft it and I will read it to you in a minute.

Mr. McINTOSH: I have other questions in respect of quotas, but I will leave them for a few minutes.

Mr. FORBES: Will you tell us the duties of the inspectors, to which you referred?

Mr. McNAMARA: It is generally keeping us advised of conditions. They check with the elevator agents to see cars are ordered in accordance with our instructions and that cars are spotted in accordance with the preference. We use them as trouble shooters quite generally. If you would like some more detail on this, again, I can have it prepared.

Mr. KORCHINSKI: Do they make spot checks at the elevators to see that the quotas are maintained?

Mr. McNAMARA: Yes.

Mr. PASCOE: Mr. McNamara made some reference to cooperative farms. Would he outline how the permits work in respect of cooperative farms?

Mr. McNAMARA: They are just entitled to one delivery permit because they are operating as a unit. But we have given them additional unit quotas to deliver under the one permit, special concessions in the way of additional cars for malting barley. The Department of Agriculture amended their regulations in respect to acreage payments for them to be made on a different basis.

Mr. GUNDLOCK: I would like to pursue a previous question a little further. I understood a statement earlier, that after a person had a permit, or he had an application for a permit, he had to show where his money went and where his wheat went. In other words, he had to prove that he was raising the produce. That seems a little ambiguous to me, when, if a person has a legal permit book as a holder, then what he does with his produce afterwards is his own business.

Mr. McNAMARA: Oh, I made a mistake. A gentleman had pointed out that he could not market his grain if he did not have a permit. We try to satisfy ourselves that the provisions of the act are being lived up to. For example, if a son is living independently from his father and is producing his own grain, he is entitled to a permit under our act. I agree of course that all farmers are not doing this, but in some cases they are trying to get two or three permit books for the same family, although they are not operating independently.

Mr. GUNDLOCK: For the moment I am not concerned with these acreage payments or anything else. Should not a definition be made in the first instance of what they do with their money or permit books after? I do not think that should enter into it.

Mr. McNAMARA: The basic reason for the Wheat Board permit originally was to enable the producer to market his wheat under a quota system. That was the reason for the permit in the first instance. If there was not any quota basis we would not need permits.

Mr. GUNDLOCK: Do you still go into the facts to ascertain what he does with his produce?

Mr. McNAMARA: No, we do not do that. But if we get an application we try to determine whether he is farming separately from his father. If we are satisfied that he is, we will give him a permit, and give the father one as well.

Mr. GUNDLOCK: What is the basis of your being satisfied?

Mr. McNAMARA: You would have to convince the officials of the department that you are farming separately and not as part of a unit.

Mr. GUNDLOCK: In other words, suppose you have leased a piece of land. What you do with your money afterwards, I submit, should not enter into it.

Mr. McNAMARA: If we find that you and your father are binning your grain in the same bin, and it is flowing out from that bin, it looks to us as if you were farming in cooperation with your father and not separately.

Mr. HORNER (*Acadia*): There seems to be a lot of belief that acreage payments have not caused a lot of this trouble. Acreage payments were paid to joint permit holders but they were still not given separate permits. But if their name was on the permit book, they each got acreage payments. Therefore acreage payments would not be at the root of a lot of this trouble. You still have the unit quota at the beginning of each year. And if a farmer can obtain more permit books, then he could obtain more unit quotas. At one time there was a demand for permit books to show how many unit quotas you could get in your operation. I do not think that the father and son agreement is brought about to a great extent by acreage payments, because you could give them a joint permit and that would force it up, as I understand it, in a lot of cases, this acreage payment.

Mr. McNAMARA: The acreage payment regulations were amended to include two checks on that basis.

Mr. ARGUE: I can quite understand the position of the board, if two people claim to be farmers and they consistently and continuously bin their grain together. At least that is some evidence that it is a pooling operation rather than an individual operation. I do not want to trouble the board with a lot of cases, but I had one which bothered me a great deal. It had to do with people that I know quite well. They said that they were not pooling their grain. In general practice they pooled it separately, but when they moved a combine from one farm to another, it was inconvenient, perhaps, for them to bring in one load. So rather than transfer it, it would be put in, one on top of the

other, maybe a couple of times. I would say they were scrupulously honest, so much so that they would not say they were not mixing their grain, when they said that under the circumstances they did not think they could keep them separate. I cannot remember absolutely about this but my recollection is that not only did they want to get separate permits, but that they had some which were taken away from them. I do not disagree with the principle on which the system operates, but I do think that the inspectors should take into consideration the integrity of the individuals with whom they are dealing, especially when this is not a common practice but rather an emergency practice.

I do not think that I would want to build a separate bin for 100 bushels. I would not care if I dumped it in with my father's or my brother's grain. I would have a look at it and I would say there is about 90 bushels in there. We have had a lot of experience and we would not be more than three or four bushels out. That is the simplest way. And I think that if it is an exceptional practice it should not necessarily bother them on that account.

Mr. KORCHINSKI: Does the wheat board not accept affidavits in such a case?

Mr. McNAMARA: When a permit holder takes out his permit, he signs an affidavit which states that he is the actual producer of the grain that he will deliver under it. This was originally intended to be our protection. I would suggest—and I do not question Mr. Argue's contention about this isolated case, because I am sure such things exist; but I do think that the premium that is put upon a permit holder's book through the unit quota which was inaugurated a few years ago—that now we are reaching the stage where we should revise the principles under which we operate, I mean the principle for the basis of the unit quota itself as related to the permit book, and to set up marketing controls which will be not related to the permit book. And if the government decides to make any change, they should have a serious look at the machinery which is used for the purpose. This thing is almost getting beyond our control, because with 230 thousand farmers you would be surprised at the number of cases where they intermingled for some reason, with father and son. And we are getting—I should not use the word popularity—but our support in the country is being seriously jeopardized because of the fact that the regulations operate in such a way with regard to permits.

After all, we are supposed to be a marketing agency set up to try to market the farmer's grain to the best possible advantage and not to put in a quota system unless it is necessary to this advantage. The tail is beginning to wag the dog in so far as our organization is concerned, and it may be that we will have to take a serious look at the picture.

Mr. ARGUE: You mean the unit quota?

Mr. McNAMARA: The unit quota and marketing control.

Mr. ARGUE: I wonder if the chairman could tell us—this is already on record—the number of quota books that have been issued, and the number of persons who have two quota books or three quota books? Have you that information in your records?

Mr. GUNDLOCK: I wonder if you would include what is being done with respect to permit books in connection with the Hutterites.

Mr. McNAMARA: In so far as the Hutterite colonies are concerned, they are treated as a unit. We did give them special permits, but that is not being done now.

Mr. McINTOSH: In regard to the PFA inspection, do the inspectors check on each control, for example at a municipal land office, to see in whose name the land is registered? Would that not be a basis for the issue of a permit book, and is there anything wrong in it?

Mr. McNAMARA: No, I do not think there is anything wrong in it. I think our inspectors do use that sort of information when making an investigation for us.

Mr. McINTOSH: Would your department have the proof of ownership?

Mr. McNAMARA: No, not in all cases.

Mr. McINTOSH: They may have other proof that they own it, and if they can show it, that is one thing. But in regard to quotas, and the individual system of quotas, why is it that Alberta and Manitoba always seem to have the advantage over the central part of Saskatchewan? In your report you said that early this summer in Alberta and Manitoba the quota was opened to five or six bushels, while at some points in Saskatchewan it was still only two and three.

Mr. McNAMARA: Yes.

Mr. McINTOSH: And also in the area where there is a lot of wheat, in your reports you make the statement that where storage was greatest you opened the quotas. That is all very well for farmers who have wheat in that area which they can get rid of it. But in areas where there is a lot of wheat, and they are still down to two or three, why are they discriminated against? Merely to say because the quota is opened in the west is no answer. If there is going to be a quota, then each farmer should be treated the same.

Mr. McNAMARA: I think I explained that situation this morning but I shall try to make it clear to you again. We, as a board, cannot change geography.

In the early part of the year there is a movement of grain through Churchill to the extent of about 20 million bushels. That port is serviced only by the Canadian National Railways, so freight-wise the advantage is in northern Saskatchewan.

As a result of the nearly 20 million bushels of grain moving up to Churchill, that creates a space in the area from which the grain has moved out.

In so far as Alberta and western Saskatchewan are concerned, their grain is shipped largely through Vancouver, which is an all season port. You can ship continuously from there twelve months out of the year; whereas Manitoba and southern and western or southern and central Saskatchewan, freight-wise, can only ship via Port Arthur and Fort William, and navigation closes up for six months of the year. So once we get the terminals filled, we can no longer ship in any more grain to those terminals until the opening of navigation in the spring.

That accounts for the placing of various quotas in various locations in the west.

Coupled with that, we attempt to provide equitable service at adjacent stations. The railways are cooperating. I think they are doing a better job now than they have in the past, but it is not a perfect job. And under these operations we may suddenly find that we have 60 thousand bushels of space which suddenly becomes available for new deliveries, and which space was not available before. Therefore we at once raise the quota at that point to give them an opportunity. But at the present time we have no stations on two and three. Moreover, our four's are being rapidly taken care of. But I would be disappointed if in July we have not provided space for a seven bushel quota. I am hoping that we will finish the year with quotas at about the same level as last year, when we ended with 300 on 6, and 1,700 on 7. I hope the situation this year will be 7 or 8.

Mr. McINTOSH: When the quota is opened on almost the last day of the year, it does not do the farmer much good.

Mr. McNAMARA: Last year we took 576 million bushels of grain off the farms.

Mr. McINTOSH: Some of them seem to get the short end of the stick each year.

Mr. McNAMARA: I appreciate that, and I know the areas involved, But I suggest that it is more because of geography, and we cannot change geography. We try to even up the situation the best we can. If we did not have the quotas we would be forced to say to Alberta: you must leave the grain you have placed in your elevators until we are in a position to raise the quota in southern Saskatchewan up to three bushels. But we do not think it would be in the best interests of the producers and for marketing.

Mr. McINTOSH: How do you try to even it out?

Mr. McNAMARA: The elevator agents furnish us with a statement weekly of the stocks in store, we compile them and keep a record of every station, what is the grain in the elevator, how much comes in on the quotas, what grade or kind of grade is at that station. We furnish that list to all the railways in sufficient numbers so that they can keep all their agents and dispatchers informed and we periodically write the railways and phone them and try to point out to them the stations that say they are suffering on account of lack of transportation.

Mr. McINTOSH: That is contrary to the argument about navigation opening at the first of the year.

Mr. McNAMARA: Not quite completely, sir. There is a certain amount of grain moved in western Canada within western Canada. Our mills are continuously using that wheat. Some of it is being shipped to other destinations; and to the extent we can, within the limitations placed on shipping wheat to these destinations, we do that all through the winter, and do these things as well as we can.

Mr. McINTOSH: One last point. In an area that is in a straight line through a certain part of Saskatchewan 40 miles north of one point for a period of three years they have had a six-bushel quota in excess of an area 40 miles south, because there is a river dividing them. Is that going to happen again?

Mr. McNAMARA: Six bushels in excess of the deliveries?

Mr. McINTOSH: Yes, in a period of three years, 18 to 12.

Mr. McNAMARA: You mean cumulative?

Mr. McINTOSH: Yes; and you said you tried to equalize it. That is not equalizing it.

Mr. McNAMARA: I did not say we accomplished equalization of the quota. We endeavour to. I think if you will go back in the record you will find we have never been successful in completely equalizing quotas. You will see that we are endeavouring to equalize the quotas to the end of the year. I am not contending we are not going to do better, if we can. We keep on trying, but we find it a very, very difficult thing to equalize 230,000 producers delivering, and 2,000 shipping stations in the west.

Mr. McINTOSH: Where a condition like this exists could it not be at the end of the crop year, at the end of July, where you know you are not going to get any wheat in the winter that you could increase the quota?

Mr. McNAMARA: In theory, yes, but we find we must buy the particular type and grade to meet the market requirements regardless of the quota system, and that has a habit of upsetting the quotas.

Mr. ARGUE: But certainly in past years all grain west of Moose Jaw could have gone to Vancouver, could it not?

Mr. McNAMARA: Yes.

Mr. ARGUE: I saw this situation about which Mr. McNamara talks, and I quite agree with him 100 per cent. To say that a particular elevator has a quota

is one thing; but the ability to find supplies for it in the last few days of the crop year is quite another. I have seen so many instances of the quota being raised in the last two or three days of the crop year, and elevator agents who are in that happy position will say to the farmer, "Well, you can bring in a quarter bushel or a half bushel." So they will have to chop the six-bushel quota in two or three, and the last bushel is in fact never delivered. I do not know if you would call it common, but to an extent that does exist.

Mr. McNAMARA: Dealing with the first part of your question, about bringing grain to Vancouver, you can do that at the expense of the producer; because we are up against the freight rate structure there, and as you know it is cheaper to ship to Fort William. As you know, we send some of our wheat from the western part of Saskatchewan to Vancouver. But in some of those areas in Saskatchewan there would be four, five, six, seven cents differential. That could be done, as I say, but it would be at the expense of the producer, because it is part of his operating expense.

Mr. ARGUE: Where is the breaking line on the Canadian Pacific Railway?

Mr. McNAMARA: I think it is Caron, I am not sure. It is an odd situation in Saskatchewan due to the competitive features of the railways. I think, for example, at Gravelbourg, which I think is in your territory, it is out of line on account of the competitive factor.

Mr. SOUTHAM: Was it not a fact that the shipping strike out west had an effect on the situation?

Mr. McNAMARA: Yes, we have never recovered from the stevedores strike, which lasted for five weeks last year; we lost about 18 million bushels on exports.

Mr. HORNER (*Acadia*): That will not be bothering you again?

Mr. McNAMARA: No, it is like yesterday's breakfast, it is gone.

Mr. HORNER (*Acadia*): You will not be able to make up that loss?

Mr. McNAMARA: No.

Mr. McINTOSH: You said you were working with the railways. What formula do you use for books or certificates?

Mr. McNAMARA: You mean what formula do we use? I think I went into that this morning, and I answered that question.

Mr. McINTOSH: I am sorry, I missed it; I will get it off the record.

Mr. NASSERDEN: In a period like this when it looks like most farm spots are likely to be cleared up and where we know that these spots will not be filled up within a week or so of the end of the crop year, would it not be possible to let others from alternate points ship to those points for delivery?

Mr. McNAMARA: It is possible, but I would advise against it. We adopted that procedure a number of years ago towards the tail end of the season and we have never lived down the complaints, because people who are waiting for the opportunity to deliver the unit quota for August 1 object very much to people from other areas driving in a hundred miles and filling up their elevator space. It was an experiment that we tried with the elevators, but it did not work out.

Mr. NASSERDEN: Since we are a little more congested today?

Mr. McNAMARA: Not very much more. We are carrying about as much in store as we were in that period.

Mr. KORCHINSKI: Is the terminal at Churchill filled to working capacity?

Mr. McNAMARA: Yes, it is.

Mr. KORCHINSKI: I wonder what percentage of the grain that went into Churchill was tough?

Mr. McNAMARA: Very, very limited, because there are very limited drying facilities there and we ship it in the fall and keep it until the following July. I do not know if we have a statement of the grades in there. If anything, it would probably blend with the dry grain in store there.

Mr. KORCHINSKI: Just one more question. When is the shipping season expected to open?

Mr. McNAMARA: We will start moving grain to Fort Churchill to replace the stocks that will be going out about July 15. The first boats usually arrive around the end of July, at least we hope some will be in July this year so exports will carry over in last year's figures; but it closes about October 10.

Mr. KORCHINSKI: Is there any hope of extending the season this year?

Mr. McNAMARA: It is not so easy to extend the port season, although the insurance rates are a factor; we find that boat owners are very reluctant to charter for shipments from Churchill during the final period. We are still offering wheat for sale out of Churchill but no one is interested in the period we are now offering, which is for shipment after October 8.

Mr. KORCHINSKI: How many boats in Churchill this year?

Mr. McNAMARA: We are getting into sales and operation; but I will say this, I anticipate the movement out of Churchill this year will be as much, if not larger, than last year, which was an all-time record.

The CHAIRMAN: Shall we go on to No. 6?

Mr. ARGUE: Is that question on permit books ready?

Mr. EARL: It is Mr. Argué. The total number of permits we have issued is 229,547. Of those producers receiving permit books, as accurately as we can tell, there are 300 who have more than one delivery permit.

Mr. HORNER (*Acadia*): Did you say 300?

Mr. EARL: Yes.

Mr. HORNER (*Acadia*): I wonder along the same line, Mr. McNamara stated about the Hutterite colony having more than one unit quota. Did he mean that the Hutterites also collected more than one payment?

Mr. McNAMARA: They have more than one permit book.

Mr. HORNER (*Acadia*): One to each colony?

Mr. McNAMARA: Yes.

Mr. FANE: Mr. Chairman, I would like to ask how people get more than one permit book; what conditions have to be fulfilled for that?

Mr. McNAMARA: You mean how do we determine whether they are farming as a unit?

Mr. FANE: No, you said that 300 people got more than one permit.

Mr. McNAMARA: We have a number of producers who operate what we call widely separated farms. They may have one at Hilton, one at Carroll, and they apply for one covering that particular land at that particular station. That was a problem, because they are specified—Mr. Earl was pointing out to me that we cannot give them an alternate delivery privilege because their farms are so widely separated, so they have two permits. In the case of the acreage payments they got two acreage payments until we caught up with it and endeavoured to collect those.

Mr. FANE: I have two farms like that and I only get one permit.

Mr. McNAMARA: What distance apart?

Mr. FANE: Forty miles.

Mr. McNAMARA: That is within hauling distance. Have you got an alternate delivery privilege in your permit book which enables you to take some grain to other points?

Mr. FANE: Yes.

Mr. McNAMARA: We feel that that is an alternate shipping point; but where the farmers' farms are widely separated—one in Alberta, another in Saskatchewan—these people are operating two separate permit books.

Mr. FANE: In different provinces?

Mr. McNAMARA: Yes, or over any territories separated, although a part of the same province.

We had two or three questions to which we can supply the answers. Mr. Rapp, you asked for an answer to a question this morning. I think you answered it, Mr. Earl.

Mr. HORNER (*Acadia*): He has gone home now.

Mr. McNAMARA: We gave him, I think, the answer. Mr. Argue had a question in connection with the Colombo plan for 1956-57. I think we have that information. Mr. Riddel, have you the information?

Mr. RIDDEL: Yes. Mr. Chairman, in 1956-57, under the regular Colombo plan, 7,628 long tons of wheat equivalent in flour, were given to Ceylon at a cost of \$893,811; and 25,000 long tons of wheat to Pakistan at a cost of \$1,475,833; making a total on the Colombo plan, regular, of 32,628 long tons, at a cost of \$2,369,644.

In addition there was a relief donation to the U.N. relief agency equivalent to 5,297 long tons of wheat in the form of flour, to the value of \$300,000, making a total on the Colombo plan and relief donations for 1956-57—that is, the crop year 1956-57—of 37,927 long tons, with the equivalent value of \$2,699,644, and converted to bushels the total involved was 1,415,000 bushels as compared to the following year 1957-58, in all forms under the Colombo plan: gifts, loans and regular and to UNRRA of 31,070,000 bushels.

Mr. GUNDLOCK: Would it be in order to ask a question at this time? It is hardly relevant, although I think it is. Last year I asked the question in regard to upgrading wheat, or grading generally, and I was told at that time that did not occur; in other words, if you bought 1 million bushels of grade 4 and sold it, it was the same amount; but Mr. McNamara has just made the statement, in speaking of the stores in Churchill, that some of the damp grain was mixed or blended, in other words, disappeared. Now, did it maintain its identity as the lower grade which was purchased, or what happened to it?

Mr. McNAMARA: I just point out that first of all, as far as grading is concerned, that is not under our board, that is under the Board of Grain Commissioners; but my statement referred to the natural drying or artificial drying, and that is conducted in terminals under the Board of Grain Commissioners' regulations. In other words, the company can blend its tough four and its four in the terminals.

Mr. GUNDLOCK: What is the difference; what happens; is it sold at the same rate as it is bought for?

Mr. McNAMARA: No, our selling spread, I think, on 1, 2 and 3 is three cents, and on 4's it is four cents, the difference between 4 and straight 3.

Mr. GUNDLOCK: Last year you bought some at one figure and sold at another, actually?

Mr. McNAMARA: I do not quite follow you, sir. We bought some in one grade and sold it as another?

Mr. GUNDLOCK: What is the tough dry 4 price?

Mr. McNAMARA: It is 4 cents a bushel.

Mr. GUNDLOCK: After it has been blended it is sold for 4 cents?

Mr. McNAMARA: That is right.

Mr. ARGUE: Who makes the 4 cents, the elevator company or the wheat board?

Mr. McNAMARA: It depends on the spread, but we sell it to the elevator companies. At the present time both our spread to the elevator companies and to any other buyer is 4 cents a bushel, due to the fact that we have a predominance of tough grain at the lakehead, tough due to the difficulty of shipping the damaged grain from northeastern Saskatchewan; but I should say that if the companies wanted to do some blending and we have tough 4, we would sell it back to them at probably a 2-cent spread. We have been selling at 3 cents, but that spread depends on the volume of tough that is available to us.

Mr. ARGUE: The company takes the difference; it is not the wheat board. It is of no advantage to the wheat board?

Mr. McNAMARA: No.

Mr. GUNDLOCK: That is what I would like to understand because we could not have an answer last year.

Mr. McNAMARA: I do not think so. I was a witness last year. I do not remember denying you that information, or if I did I did not intend to.

Mr. GUNDLOCK: Well, if you look back on the record you will see I had to withdraw the question eventually.

Mr. McNAMARA: I believe to get it clarified you will have to take it up with the Board of Grain Commissioners. I am not trying to pass the buck to them, but they could give you the information more accurately.

The CHAIRMAN: Gentlemen, I believe Mr. McNamara has some other questions to answer.

Mr. McNAMARA: There was another question Mr. Argue asked me this morning on which I said I would like to consult my colleagues before I gave the answer. If I remember the question, you wanted to know if we would be prepared to make available to the committee the percentage of allocation we had given to one particular company, and I suggested if we were going to do that it would probably be fairer to make available to the committee the percentages of allocation to all the various agents of the board.

I would remind the committee that up until this time we have been working under a directive from the former Minister of Trade and Commerce with regard to the allocation of companies. We have been following instructions that we received from him at that time.

At the time he gave us that directive he indicated to us that he did not consider it advisable for us to make the information public as to the allocation to individual companies.

I believe, if my memory serves me correctly, that in the letter he sent to the various organizations he indicated to them too that his instructions to us were not to make this information public. I am, however, pleased to be able to advise the committee that after consulting with our present minister he has decided that he would be prepared to amend the instructions to the board to the extent that we can make available to this committee the board's allocations given to the individual companies for the crop year under review, subject to the committee deciding they would like us to make this information available. Therefore in view of Mr. Churchill's decision I would advise that as a board we are now prepared to release this information to the committee, if you desire to have it made available.

I do think I should point out to you, though, that it has not been the policy of the board to make public these sales positions or competitive positions of our various agents in these transactions. We just do not think it would be good business for us to indicate to the competitors the amount of business that we are transacting and what one company is doing as compared with another

company. In the reasonable hope that the committee would not want us to put that type of information on record before you, but in so far as this allocation is concerned, particularly the allocations pertaining to the crop year under review, we have no objection if the committee so wishes it be recorded. We are in your hands, Mr. Chairman. If the committee wishes and with the permission of the minister I will be pleased to make it available.

Mr. ARGUE: I would move, Mr. Chairman, that the committee be given the information now under discussion.

The CHAIRMAN: Is that the desire of the committee as a whole?

Agreed.

Mr. McNAMARA: I should just make one more comment before I read these figures into the record, I would want you to understand that the information I will be giving you will only pertain to the orders that the board allocates to the different companies. There are a number of shipments that originate in the country that are not allocated by us. For instance, in the case of malting barley, that is a competitive business and producers are working with the malting companies, lining up that business and the shipments that are provided for, and those are not included in the percentage figures which originate with us.

In many cases there are what we call free shipments.

Coming to flax and rye, we authorize a company to ship the grain to their terminals in accordance with the stocks which they accumulate, so those shipments would not be reflected in our percentage figures. There are also times when the board puts a general shipment order out for a particular grade or class of wheat, for example, in the low grade wheat in short supply at the present time, and individual companies have authority to order cars and ship that grade as it becomes available under our instructions. Those shipments again would not be indicated in our percentage figures. At other times we have had free shipments of oats, barley, feeding barley as compared to high grade barley; so the figures I will make available to the committee are only the allocations of orders that are reflected in our books that are given to the individual elevator companies and are allocated by freight shipments to the point at which they are originated. These figures are by provinces.

Manitoba:

Company:

Federal Grain Limited. This is covering the Federal Grain elevators, their share of the business, and as a target we have 5.825 per cent of our allocation.

I should just make another qualification so you will understand that these are target figures. At times when we are releasing orders, as we do very often during the year, it might be for a certain grade, say, out of a certain area, and we do not issue each order at this given percentage. Some times it is higher for one company, sometimes it is lower, but this is the target figure we have endeavoured to shoot at.

	Per cent
Federal Grain Limited	5.825
Inter-Ocean Grain Company .....	.340
McCabe Grain Company	2.253
National Grain Company	4.256
Ogilvie Flour Mills	7.966

There is a note here, this includes Lake of the Woods elevators. They have now been taken over by Ogilvie.

	Per cent
N. M. Patterson and Sons	5.352
Parrish and Heimbecker .....	.346
Pioneer Grain Company .....	.682
Searle Grain Company	2.745
Scottish Co-op Wholesale Society	1.454
United Grain Growers	17.561

This figure now includes the Canadian Conosolidated figure, which has been recently acquired by the United Grain Growers.

	Per cent
Harrison Milling Company .....	.122
J. P. Reidiger and Sons .....	.214
Henry Ritz .....	.116
Winkler Milling Company .....	.220
Sommerville Bros. ....	.047
Manitoba Pool Elevator	48.000
Federal Grain Company—Winnipeg Elevator .....	.445
McCabe Grain Co.—Shamrock and Victoria Feeds ..	.435
Searle Grain Co.—St. Boniface .....	.363
Red River Grain .....	.173
Soo Line Mills .....	.008

The Saskatchewan figures are as follows:

	Per cent
Federal Grain Limited .....	.049
Conger-Samborn Limited	10.605
Inter-Ocean Grain .....	.332
McCabe Grain Company Ltd.	1.714
National Grain Company	6.885
Ogilvie Flour Mills Company	2.582
N. M. Patterson and Sons	1.521
Parrish and Heimbecker	1.194
Pioneer Grain Company	8.502
Searle Grain Company	7.746
United Grain Growers	8.955
Weyburn Flour Mills .....	.662
Waskesiu Mills .....	.064
Swift Current Flour Mills .....	.063
Yorkton Milling Company .....	.028
Saskatchewan Wheat Pool	49.000

Alberta

	Percentages
Alberta Pacific Grain Co.	16.372
Alberta Wheat Pool	36.000
Byers and Hanna .....	.178
Canada West Grain Co. ....	.230
Ellison Milling Co.	1.432
Federal Grain Co. ....	.056
Maple Leaf Milling Co. ....	.035
McCabe Grain Co. ....	.559
Midland & Pacific Grain Co. ....	.175
National Grain Co.	5.906
Ogilvie Flour Mills	1.912
Parrish & Heimbecker	1.417
N. M. Paterson & Sons .....	.044
Pioneer Grain Co.	6.105
Searle Grain Co.	8.172
United Grain Growers	20.934
Wetaskiwin Milling Co. ....	.131

Mr. ARGUE: Is this the policy that is in effect now, or are these percentages different today?

Mr. McNAMARA: We are still operating under the same procedure and we have for some time. Subject to seasonal fluctuations these are the percentages we are using at the present time.

Mr. ARGUE: Can you tell us how those percentages have been arrived at, what is taken into account?

Mr. McNAMARA: I thought I read into the record this morning the criteria we used in determining those figures.

Mr. ARGUE: I missed that; would you mind doing it briefly again?

Mr. McNAMARA: I do not think you missed it, because you asked me what page it was on. It was that letter I read to Mr. Bracken.

Mr. ARGUE: Oh, excuse me.

Mr. McINTOSH: I wonder if Mr. McNamara is prepared now to give a definite explanation of who is entitled to a permit book. You said you would give it to us in a few moments.

Mr. McNAMARA: I think you will have to give us a few more moments. We will before the meeting is adjourned.

Mr. McINTOSH: One more question, Mr. Chairman, it is a general question, maybe not on this quota figure. The opinion has been expressed in the past, Mr. McNamara, that your asking price for grain to foreign buyers has been too rigid, it has not been flexible enough, to the detriment of the producer. In citing those cases they make reference to one period where your price remained constant for 120 days, and during that period you had the opportunity to sell low grade wheat, 3 million bushels, and refused the offer, but finally sold the 3 million bushels of wheat at much less than what you were offered at that time. Not only that but you lost a 3 million sale. Have you anything to say on that?

Mr. McNAMARA: I would like to know who is giving you that information. Dealing first of all with flexibility, the definition of flexibility seems to have changed. In some people's mind flexibility means a constant lowering of price. You might argue we are not flexible because we are trying to acquire the best possible price for the sales in the year under revue—in the neighbourhood of 316 million bushels, less about 31 million bushels which was in the form

of aid directed to the Colombo plan, and which we do not take credit for in the commercial field. However, our commercial sales were in the neighbourhood of 280 million bushels. That would indicate to me that our pricing structure has been quite realistic and we have been able to secure quite a satisfactory price for the producers.

Another thing that should be recognized when you are talking about flexibility is that while our price of No. 1 Northern may be relatively constant there has been quite a wide fluctuation in the prices of the other grades, 2 Northern, 3, 4 and 5 wheat, depending on the marketing position at that time and you must also remember, sir, that in competition with other merchandisers of wheat, primarily the United States, who are subsidizing their exports, they attempt to gear their subsidies largely to the asking price that Canada is offering. In my view if we were to sharply lower our price we would not be originating more sales because the Americans would more than welcome the opportunity to increase their subsidy. I think it would result in the producers in Canada receiving substantially lower prices than we have been able to secure for them under the policy we have pursued.

Mr. McINTOSH: I think the basis of the word "flexibility" which I had at least in my mind was the advantage in the rates of exchange which had fluctuated between different currencies. The difference in freight rates for off season return of tramp steamers overseas, and so on, have you taken that into consideration?

Mr. McNAMARA: Oh yes.

Mr. McINTOSH: Although if you have the permission of the producers your asking prices go back?

Mr. McNAMARA: Of course, we are forced under these conditions to keep our prices related to the value of the Canadian dollar, and we have suffered severely due to the premium placed on the Canadian dollar because we must keep our wheat competitive with wheats of other countries, wheats of similar qualities in our main market.

It has been a matter of great concern to the board to see the premium placed on the dollar, which has resulted in lowering our prices. We endeavour to keep ourselves informed, and I think we are quite successful, not only through our own facilities but working with the trade who are agents of the board and are very valuable agents to us; and they keep us closely posted on market conditions.

We keep ourselves informed of the price of other wheats moving into competitive channels. I do not accept at all the argument that we have lost business due to the rigid sale policy. I think the prices we have realized in the last few years will bear that out.

Mr. McINTOSH: Are you aware of this? You wanted to know my source of information.

The CHAIRMAN: Gentlemen, I think we are getting on to averages. We can come to that on policy, in item 7.

Mr. McINTOSH: This question will finish my questions on this, and we might as well clear it up now. Were you aware of a case where you did actually lose the sale of three million bushels of wheat?

Mr. McNAMARA: No. We have reports from time to time, and the agents come to us and give us bids for limited quantities. It has been reported to me on some occasions that if we had lowered numbers 3 and 4 by five cents a bushel then they could have originated so much business for us. I was not being facetious in talking about "flexibility". The members of the board talk together and we try to keep in close contact with the market, and talk with our customers.

"Flexibility", from the point of view of the buyer, is always to lower the price, because we find it very difficult to convince them why the position has changed and we are justified in raising the price of 4 or 5 wheat.

I do not know the particular instance to which you refer, but I do know of cases where people have told me that, in their judgment, if we lowered our price five or ten cents a bushel, we would get more sales. But in our judgment, coupled with the advice we receive from the trade, who act as our agents, we have not always accepted those bids.

Mr. McINTOSH: In this case, I understand—

The CHAIRMAN: Order, gentleman. I believe we are getting far afield, and we can leave that until we come to "policy".

Before we go on to item 6, what is the wish of the committee with regard to meeting tomorrow morning, or would you rather refrain from meeting on account of there being caucuses for the different parties?

Mr. ARGUE: The caucuses ordinarily start at eleven.

The CHAIRMAN: The house meets at eleven o'clock.

Mr. ARGUE: I am sorry, I have been away for a week, and I am out of touch.

I am prepared to meet any time the committee wishes.

The CHAIRMAN: What is the wish of the committee?

Mr. McINTOSH: I am prepared to miss the caucus.

Mr. HORNER (*Acadia*): I am not.

The CHAIRMAN: The difficulty is getting the quorum out.

Mr. McINTOSH: How long is the board here?

Mr. McNAMARA: At the pleasure of the committee.

Mr. McINTOSH: I wonder if the minister would make a suggestion?

Mr. CHURCHILL: I do not think the committee should meet while the caucus is on. It affects the three parties. Individual members of this committee might say that it is all right, but you do not know what the general effect will be.

The CHAIRMAN: It is hard to get a quorum when the caucus is on, before noon.

Mr. CHURCHILL: You might consider an evening meeting some time. You have today, tomorrow and Thursday.

Mr. ARGUE: I have a schedule to go to Montreal for Thursday, regarding the joint Canadian-United States parliamentary group. I am only one member of the committee, of course, but I would appreciate our meeting now as often as we can.

Mr. CHURCHILL: Why not meet tonight?

Mr. ARGUE: I am willing.

The CHAIRMAN: Is it satisfactory that the committee meet tonight?

Some Hon. MEMBERS: Yes.

Mr. McINTOSH: What time?

The CHAIRMAN: We will say 8:15.

Gentlemen, item 6.

Mr. EARL:

6. *Handling Agreement*

In the negotiation of the 1957-58 Handling Agreement with elevator companies, handling margins remained at 4½ cents per bushel for wheat and barley, and 3½ cents per bushel for oats. The storage rate was increased from 1/35th to 1/30th of a cent per bushel per day for wheat,

oats and barley in store country elevators. The terminal storage rate, subject to maximum tariffs as established by the Board of Grain Commissioners for Canada, was 1/30th of a cent per bushel per day.

Following negotiations between the handling companies and interior mills, the diversion charges on wheat shipped to such mills remained unchanged from the previous crop year. Similarly, diversion charges applicable to interior terminals, Churchill and Prince Rupert were unchanged.

The CHAIRMAN: Any comments, gentlemen?

Mr. HORNER (*Jasper-Edson*): What is the reason for the increase in the storage rates from 1/35th to 1/30th of a cent per bushel per day?

Mr. McNAMARA: In our negotiations we, of course, negotiate handling agreements with the elevator companies. In this instance we were unsuccessful in reaching an agreement with them without increasing the storage rate from 1/35th to 1/30th.

Mr. HORNER (*Jasper-Edson*): What would have happened if you had told them only the usual 1/35th?

Mr. McNAMARA: I do not know. I do not know whether or not they would go on strike.

All the companies—that is the pool organizations, the United grain farmers grain boards and the line elevator companies—who negotiate with us as a unit—held out for these rates; and to secure an agreement we had to meet with that demand.

Mr. HORNER (*Jasper-Edson*): I can assure you they all made money. I understand it is a very lucrative business, the storage of grain at 1/35th.

Mr. McNAMARA: We have resisted and we will resist increases to the greatest extent we can; but, in fairness to the companies, I think it should be pointed out that the handling margin and the storage margin of 1/30th of a cent per bushel is very low in Canada, compared to other countries, and if my memory serves me right, is no higher than the rates in effect pre-war, 1939.

Mr. ARGUE: It exceeds the best guaranteed grade.

Mr. McNAMARA: There was more grain in storage than at that time.

Mr. NASSERDEN: What is the reason they put forward for this increase?

Mr. McNAMARA: They contended increased expense, and I may say they did have some increased expenses—such as agents' salaries and higher wages being paid in the terminals—and I think in part they were justified in holding out for an increased rate for those reasons.

Mr. GUNDLOCK: I would like to ask a question of Mr. McNamara. For a dollar's worth of wheat, what does the storage amount to in a year's time?

Mr. McNAMARA: We have that in our financial statement.

Mr. GUNDLOCK: How many cents for a dollar?

Mr. McNAMARA: This works out at a cent a bushel a month. If you carried wheat for a whole year you would have 12 cents a bushel for that year.

Mr. GUNDLOCK: Twelve cents?

Mr. McNAMARA: Yes. But our average storage does not come to 12 cents on a bushel handled.

Mr. GUNDLOCK: What about for one dollar's worth of wheat?

Mr. McNAMARA: We are not relating it to the dollar; but it is a cent a bushel a month—1/30th of a cent per day storage.

Mr. GUNDLOCK: What would that percentage figure be?

Mr. McNAMARA: We can get that information for you because we know the total amount of storage. You would like the percentage of storage related to the dollar value of a bushel of wheat?

Mr. GUNDLOCK: Yes, and, in addition, how much grain stored in country elevators, percentage-wise to the whole crop?

Mr. HORNER (*Jasper-Edson*): How much would that be?

Mr. McNAMARA: We can give you a figure of the grain in storage at all the various positions or the total visible.

Mr. GUNDLOCK: In country elevators as compared to others.

Mr. KORCHINSKI: Mr. Chairman, would it—

The CHAIRMAN: Just a minute, gentlemen. Do you have the figures, Mr. McNamara?

Mr. McNAMARA: As at June 10—and I will deal with wheat, the visible supply of wheat, except Durum,—it amounted to 334,138,203 bushels.

That is broken down as follows: in country elevators, 308,426,000, in round figures; interior private mills and mill elevators, 7,445,000, in round figures; interior terminals, 13,340,000; Pacific coast terminals, Vancouver-New Westminster, 6,683,000; in Victoria, 580,000; and no wheat in Prince Rupert; Port Churchill, Manitoba, 4,916,000 bushels, Fort William-Port Arthur, 41,896,000; eastern elevators, bay and upper lake, 11,449,000; lower lake-upper St. Lawrence, 8,275,000; lower St. Lawrence, 14,144,000; in the maritime terminal elevators, at present, 1,340,000 bushels in store; in transit on the Great Lakes, 3,838,000; in transit to railways, western division, 11,273,000, and the C.N.R. eastern division, 98,000. That makes a total in Canadian positions of 333,709,000, approximately.

In addition to that we have in the U.S. lake ports, in the Buffalo area, one cargo of 428,210 bushels, giving a grand total of 334,138,000 bushels.

We pay storage on all that grain, except for grain in transit. We do not pay storage when it is in transit between terminals.

Mr. KORCHINSKI: What has the increase meant in dollars, from 1/35th to 1/30th per bushel?

Mr. McNAMARA: I will have to have that worked out. I cannot give you an answer on that now, but we can get that information for you. You mean if it was still 1/35th instead of 1/30th how much did it cost them from the pool.

Mr. KORCHINSKI: I would like an estimate as to what the increase has meant in relation to the cost of storage.

Mr. McNAMARA: We will get that information for you.

Mr. HORNER (*Acadia*): My question is in regard to terminal storage charges. I was under the impression there was a lower charge at the terminals. I see it is 1/32nd. Has that been increased recently?

Mr. McNAMARA: In fact it was just the reverse. The year before the terminals filed a tariff with the board of grain commissioners which was for 1/30th of a cent storage at terminals. The country elevator tariff which we employed was 1/35th, but last year they were brought up to the 1/30th of a cent in both positions.

Mr. NASSERDEN: Mr. McNamara, it says the margins for handling were left at the old rates, and the margins for storage had been increased. If the cost were the thing that decided they should get an increase, surely the increase should be in handling rather than on storage?

Mr. McNAMARA: I would be inclined to agree with that reasoning, but the elevator companies do not accept that. Unless it would mean an increase in the handling margin would be directly reflected in the initial payment price the farmer received, whereas an increase in the storage charges comes through our general expenses; and I think that is why the elevator companies have been pressing for the storage rate increase rather than asking for an increase in the handling margin.

Mr. NASSERDEN: Do any of the companies that have these storage handling agreements with the board also act as brokers for the sale of grain from the wheat board to other countries?

Mr. McNAMARA: Not as brokers. The various companies, like the Saskatchewan pool, have an export department, and they act as agents of the board for the sale of the board's grain. The United Grain Growers are also agents for the sale of grain; but they are separate agreements not related to each other at all. Each one has to have the qualifications necessary to do the job, in our opinion.

Mr. NASSERDEN: From the standpoint of marketing grain, do you think they have the storage charge played down to a small extent, possibly, because it is to their advantage to store it if they have a higher storage charge?

Mr. McNAMARA: That is so. We reserve the right to control the removal of grain, and we do not allow elevator companies to hold it back. If we order grain to be delivered and it is not promptly executed, we cut off the carrying charges.

Mr. NASSERDEN: But they are making the bills?

Mr. McNAMARA: The sale bills?

Mr. NASSERDEN: Yes.

Mr. McNAMARA: They are not related at all. We keep the country operation moving to the lakehead entirely divorced from our sales activities. The elevator companies assume responsibility for the delivery of it to us at terminal positions; and we take delivery of it and give it back to other agents to transport it to seaport positions. Sometimes they again transfer it to an agent who has effected an export sale, so there is no combination they can use against us on it.

Mr. PASCOE: Mr. Chairman, Mr. McNamara mentioned a conference with elevator companies, in regard to the increase in storing charges. Would it be a fair question to ask, did the pools ask for that?

Mr. McNAMARA: Yes, the pools and grain growers.

Mr. PASCOE: Did they file statements showing they are losing money?

Mr. McNAMARA: No.

Mr. PASCOE: What I am trying to get at is, does the wheat board make a final decision with regard to it?

Mr. McNAMARA: It is for the wheat board; it is our decision.

Mr. ARGUE: The farmers' union opposed the increase?

Mr. McNAMARA: The farmers' union are not part of the negotiation with the wheat board. We negotiated with the separate companies. The farmers went before the board of grain commissioners and opposed any increase in their tariff. But the wheat board accepts the responsibility for this. We negotiate with the handling companies in the framework of the tariff approved by the board of grain commissioners, but we accept responsibility for completing this deal.

Mr. ARGUE: What is the maximum tariff the grain commissioners allow?

Mr. McNAMARA: One-thirtieth.

Mr. ARGUE: No farmers' organization, other than the grain companies, made any representations to you on this question?

Mr. McNAMARA: No.

Mr. KORCHINSKI: Is there any chance of increased public information?

Mr. McNAMARA: In so far as the board of grain commissioners is concerned, they hold public hearings concerning the maximum tariff. But our negotiations with the companies are private negotiations between the board and the companies, and no public information is made available, except that we announce what the rates are.

Mr. GUNDLOCK: I have not figured this out exactly, and I am not able to agree to the figures that Mr. McNamara gave us a while ago. It sounded roughly like country elevators had somewhere near 70 per cent of the grain in storage. Again, in dealing with a percentage figure, it looks a little like 10 or 11 per cent, if they hold a bushel of wheat for a year. That seems to me like an awfully good investment for an elevator company for a return on an investment actually they do not need to make. The wheat is paid for by the wheat board and it is stored by them, and that seems to me like a terrific increase on their investment which, I think, is rather small in terms of things of that sort. Am I right?

Mr. McNAMARA: Far be it for me to try to advocate this with elevator companies, but I have taken with them the same stand and the same reasoning you are advancing now; but, in fairness to the companies, I think I should state I do think that the charges for handling and storing grain in Canada are very much lower than they are in any other country with which we compete.

Mr. HORNER (*Jasper-Edson*): What about the United States?

Mr. McNAMARA: They are substantially higher.

Mr. GUNDLOCK: I do not care what they are; it just seems to me—if I am anywhere near right in regard to these figures—that that is a very nice return. I would like to get a return on something like that.

Mr. McNAMARA: Of course, we argue with the companies, and particularly the pools, who are paying patronage dividends—the fact that they are in a position to pay patronage dividends indicates to use that it is a profitable business. I would not argue with that.

Mr. HORNER (*Acadia*): There is one elevator that has been closed for three years, and they will not open it because they are making more money, when it is sitting full of grain, than when it is open. It was opened last year.

Mr. McNAMARA: Yes; I thought we had arranged for it to be opened for you.

Mr. HORNER (*Acadia*): Yes, I appreciate that; but that is the reason they did not open it for three years.

Mr. NASSERDEN: Have you any off-site storage in use at the present time?

Mr. McNAMARA: Yes, there is some off-site storage in use at the present time. But, as you know, it has not been the policy for the Board of Grain Commissioners to license new off-site storage, and we are now trying to move out the stocks of wheat that have been carried for some considerable time in the off-site storage. We have now ordered out wheat that was placed in this type of storage prior to 1955, because in our opinion it should be moved out into the general stream, rather than be left in this dead storage any longer. When it is moved out, we will not allow the grain to go back into facilities—that is, that type of facilities.

Mr. PASCOE: Is that storage paying the same rate as the elevators?

Mr. McNAMARA: Yes, they accept the store risk. In addition to the actual cost, the elevator companies take the risk of the condition and the grade of the wheat they buy for our account. That is a major factor in some cases, because in some of these annexes, they take grade losses. Grade losses have been incurred, and probably will be incurred again in the future.

We do not accept any risk in so far as grade and weight of the wheat is concerned while it is in there.

Mr. McINTOSH: How about its being stored in a government hangar?

Mr. McNAMARA: The elevator company has responsibility for the condition of the grain while it is in store in that hangar.

Mr. McINTOSH: The grain company?

Mr. McNAMARA: Yes; that is part of what we pay them for, for assuming that responsibility.

Mr. HORNER (*Acadia*): Do you have any control over whether or not other people can close these elevators, or tear them down?

Mr. McNAMARA: No, we only negotiate for the handling of our grain, it is delivered to us in terminal position. We have no control over the management or the exercise of their responsibility at all. That is the responsibility of the individual companies.

Mr. NASSERDEN: Do you expect to be able to clean up these off-site facilities for storage this year?

Mr. McNAMARA: No; but we hope to have all the grain placed in store prior to 1955 moved out, and that will be the bulk of the off-site storage—but there will still be off-site storage at that time.

Mr. NASSERDEN: Can you tell us what is still in off-site storage now?

Mr. McNAMARA: I have not got it with me, but I will get in touch with Winnipeg and try to get that for you.

Mr. GUNDLOCK: In line with that, are you considering at all allowing farmers, on their off-site storage, to increase their income?

Mr. McNAMARA: I do not quite follow your question.

Mr. GUNDLOCK: Coming back to this other thing: I am a farmer, and if I could get away with some of that 11 per cent for storage, it would tickle me to death—and it would not cost anybody very much, either.

Mr. McNAMARA: I understand you are advocating that we should pay farm storage? Well, this is a question that has been considered over the years. I would point out, of course, that any storage that we pay increases our charges and would be paid for by you yourselves—as producers—eventually.

Mr. GUNDLOCK: But, with it coming back into the pocket, we would feel better.

Mr. McNAMARA: I would also point out that in our experience in exploring this question of farm storage, we arrived at the conclusion that the storage would be paid to the producer who could afford to carry his stock, and the producer with limited stocks who could not afford to carry them would be delivering as rapidly as elevator space permitted in order to get his payment. Therefore, the people assuming the cost of additional storage would be the farmer who—for reasons of his own, probably—elects to market his grain as fast as storage space permits.

Mr. GUNDLOCK: The point I am trying to bring out is this: it is not a question of his affording to carry the storage. As far as I am concerned, we are forced to carry it. We go to the bank and borrow money and pay their interest—I may be quite wrong in this, but this looks like a terrific figure. If I could get part of that percentage, it would be pretty nice. I do not think that we can afford to carry this; I think we are forced to carry it.

Mr. McNAMARA: In your case, maybe; but we do know that in a lot of localities there are farmers holding large stocks of grain who, at various periods of the year, elect—for reasons of their own—not to deliver as space becomes available in the country elevators. If we were paying farm storage, they would be paid for carrying that wheat rather than delivering it, at the expense of the pool as a whole.

Mr. GUNDLOCK: What is the difference in the payment between the farmer and an elevator company?

Mr. McNAMARA: As far as we are concerned, it is all cost for the producer. If we were paying farm storage in addition to what we are paying for grain as a commercial proposition, our costs would probably be doubled.

Mr. GUNDLOCK: You could not pay costs on it in both cases—one or the other.

Mr. McNAMARA: We are taking into account what our facilities will hold. If we are paying storage in addition to paying for the grain the farmers are holding, I would suggest the over-all storage bill would probably be doubled.

Mr. McINTOSH: That goes back to this quota system again. You have increased the quota where the storage has increased. This is the point I made reference to a few moments ago; those who got a low quota last year will not get the low quota again this year—where the farm storage is greatest?

Mr. McNAMARA: I can give you no details, except to say it is the objective of the board to take as much as possible off the farms, and we hope at the end of the season to end up with the relationship between producers as close as possible. I am hoping there will not be more than one bushel variation between the high and the low.

Mr. McINTOSH: The point I am making is this: in your report you say that you are increasing the quotas where the storage is greatest—in other words, there is less grain in the farms in these areas?

Mr. McNAMARA: Yes.

Mr. McINTOSH: In the low quota areas, where the elevators are full, it stands to reason, I think, as a fact, that there is more grain in the farm elevators?

Mr. McNAMARA: Yes.

Mr. McINTOSH: I would suggest it should be moved there, so they could have storage for future crops—and that does not seem to be the policy of the board at the present time.

Mr. McNAMARA: Although we raise the quota at these points, we do not give preference to the shipments for these points. It has been our policy to try to utilize that space. We only draw from these points when we are forced to—as in the case of this tough and damp grain. But when a point goes up to a 6 and 7 quota, generally we do not ask the railways to give preference in that area. We ask them to do the opposite, to give preference to low quota points.

We are faced with the decision—when space becomes available at the point—whether we should just keep the quota down at that station or whether we should afford the producers in that area the opportunity of delivering the additional grain to the extent that the facilities will permit. Our position has been that we are operating in the interests of the producers at large by allowing them to deliver at a point as soon as space becomes available for an additional quota, upto the maximum level that we hope to reach during the crop year.

Mr. McINTOSH: Is that not to the detriment of the areas that have a great amount of wheat in store?

Mr. McNAMARA: Not if we do not ship from those areas again. As I tried to explain earlier, there have been occasions where it has been necessary to get certain grades or types of grain to meet market requirements, and we have had to order out those particular grades or types of grain from points where the quotas are high, regardless of the quota situation. We consider that our major responsibility, as a selling agency, and that we should not pass up sales in our efforts to equalize quotas.

Mr. McINTOSH: Thank you.

The CHAIRMAN: Gentlemen, shall we go on to item 7?

Mr. NASSERDEN: Maybe we should adjourn now.

Mr. HORNER (*Acadia*): Let us go on to six o'clock.

The CHAIRMAN: All right, gentlemen.

Mr. McINTOSH: Mr. Chairman, I move that we adjourn now.

Mr. EARL: 1957-58 pool account—wheat. Policy. In accordance with the—

Mr. McINTOSH: Mr. Chairman, I made a motion that we adjourn now.

Mr. HORNER (*Acadia*): We might as well take paragraph No. 7.

Mr. McINTOSH: Have I a seconder?

Mr. ARGUE: I will second that.

The CHAIRMAN: You heard the motion, gentlemen; moved by Mr. McIntosh, seconded by Mr. Argue. All in favour?

Agreed.

Mr. FORBES: There is a reception on tonight. A lot of the boys want to go to the reception.

EVENING SESSION

TUESDAY, June 23, 1959.

8.15 p.m.

The CHAIRMAN: Gentlemen, I think we have a quorum here now. Mr. Earl, I believe we were on item No. 7.

Mr. EARL: Yes, Mr. Chairman.

7. 1957-58 Pool Account—Wheat

POLICY

In accordance with the Canadian Wheat Board Act, 1935, as amended, the Board administered an annual pool for wheat delivered to the Board between August 1, 1957 and July 31, 1958.

The fixed initial price for wheat for 1957-58 was \$1.40 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. This initial price was authorized by Order in Council P.C. 1957-820, June 13, 1957. Initial prices for grades of wheat other than No. 1 Northern were established by the Board and approved by Orders in Council.

Under Order in Council P.C. 1957-820, June 13, 1957 the Board was required to sell wheat, other than Durums, for domestic use at the same price as it sold wheat for registration under the International Wheat Agreement.

BOARD RECEIPTS

The following table shows receipts of wheat from producers, by months, for the period from August 1, 1957 to July 31, 1958:

	Bushels
August, 1957	3,207,801.1
September	20,433,767.5
October	24,948,523.1
November	22,478,531.0
December	27,975,605.1
January, 1958	44,005,868.1
February	21,507,710.7
March	18,184,319.7
April	21,637,887.0
May	32,867,836.6
June	58,303,108.8
July	81,316,244.8
Total	376,867,203.4

Board receipts from producers in 1957-58 amounted to 376.9 million bushels as compared with 361.4 million bushels in the previous crop year. Producers' deliveries during the crop year reflected the heavy export movement of grain prior to the close of the 1957 shipping season on the Great Lakes and through the St. Lawrence, and the heavy export movement during the final three months of the crop year. Producers' deliveries were relatively large in the months of January, June and July and constituted 48.7% of deliveries for the whole crop year.

GRADE PATTERN

The following table shows receipts from producers, by principal grades, for the crop year 1957-58, along with the percentage of total receipts represented by each of the principal grades:

Grade (Including Tough and Damps)	Bushels	% of Total
No. 1 Northern	824,308.1	.22
No. 2 Northern	71,770,862.4	19.03
No. 3 Northern	133,024,800.0	35.30
No. 4 Northern	99,111,882.9	26.30
Nos. 1 to 4 Durum (including Extra 4 Durums)	28,461,564.1	7.55
Nos. 1 to 3 Garnet	248,368.3	.07
No. 5 Wheat	31,263,566.1	8.30
No. 6 Wheat	5,720,612.0	1.52
Feed Wheat	577,930.1	.15
Other Grades	5,863,309.4	1.56
Total	376,867,203.4	100.00

Producers' deliveries in 1957-58 reflected the high grade of the 1957 wheat crop. Slightly over 80% of deliveries consisted of No. 2 Northern, No. 3 Northern and No. 4 Northern. Over one-third of producers' deliveries graded No. 3 Northern. The quantities of No. 5 Wheat and No. 6 Wheat delivered in 1957-58 were relatively small. Deliveries of Durum grades were the largest on record amounting to 28.5 million bushels.

TOTAL WHEAT STOCKS—1957-58 POOL

Total wheat stocks in the 1957-58 Pool were 514,180,014.8 bushels, consisting of 376,867,203.4 bushels received from producers, 135,739,249.1 bushels transferred from the 1956-57 Pool Account as at May 9, 1958, and 1,573,562.3 bushels received from others than producers.

1957-58 POOL ACCOUNT—WHEAT

The following table shows the operating position of the 1957-58 Pool Account—Wheat, for the period from August 1, 1957 to July 31, 1958. Some comments should be directed to the inventory valuation of \$445,525,990.90. Unsold stocks of wheat as at July 31, 1958 amounted to 345,490,152.9 bushels, and these stocks were valued at cost. The main part of the inventory consisted of wheat delivered to the 1957-58 Pool Account by producers. These stocks were valued at initial prices basis \$1.40 per bushel for No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. A small portion of the inventory consisted of specific grades of wheat transferred from the 1956-57 Pool to the 1957-58 Pool as at May 9, 1958, and which were unsold as at July 31, 1958. These latter stocks were valued on the basis of transfer prices.

Mr. BRUNSDEN: This amount of increase in Durum, I wonder—

The CHAIRMAN: I am wondering, Mr. Brunsten, if we could take that up after we finish that part of No. 7.

Mr. BRUNSDEN: Oh, I am sorry.

The CHAIRMAN: Very well, Mr. Earl.

1957-58 POOL ACCOUNT—WHEAT

The following table shows the operating position of the 1957-58 Pool Account from August 1, 1957 to July 21, 1958:

1. Wheat acquired by the Board:	Bushels	
(a) Producers' deliveries August 1, 1957 to July 31, 1958.....	376,867,203.4	
(b) Purchases from the 1956-57 Pool Account—Wheat.....	135,739,249.1	
(c) Wheat otherwise acquired ¹ ...	1,573,562.3	
Total wheat acquired.....	<u>514,180,014.8</u>	
	(Value)	(Value)
2. Cost of wheat acquired.....		\$690,117,588.10
3. Proceeds of sales and value of unsold stocks of wheat as at July 31, 1958:		
(a) (i) Completed sales at realized prices.....	\$149,779,877.57	
(ii) Uncompleted sales at contract prices...	109,064,032.25	
Total proceeds from sales.....	<u>258,843,909.82</u>	
(b) Value of unsold stocks of wheat stated at cost ²	445,525,990.90	<u>704,369,900.72</u>
4. Gross surplus as at July 31, 1958.....		14,252,312.62
5. Operating costs—August 1, 1957 to July 31, 1958:		
(a) Carrying charges on wheat stored in country elevators.....	22,524,038.28	
(b) Storage on wheat stored in terminal elevators	3,524,692.44	
(c) Net interests paid on Agency wheat stocks.	1,514,102.69	
	<u>27,562,833.41</u>	
Less: Carrying charges received under the Temporary Wheat Reserves Act.....	10,297,425.39	
Net carrying charges paid.....	17,265,408.02	
(d) Bank interest and exchange, etc., less net inter-account interest.....	1,078,624.43	
(e) Additional freight (net).....	290,505.81	
(f) Handling, stop-off and diversion charges...	50,158.96	
(g) Drying charges.....	1,800.66	
(h) Administrative and general expenses.....	1,189,485.26	<u>19,875,983.14</u>
6. Debit balance in the 1957-58 Pool Account—Wheat, as at July 31, 1958, after valuing stocks of wheat on hand at cost prices basis in store Fort William/Port Arthur or Vancouver.....		<u>\$ 5,623,670.52</u>

¹ Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices, basis in store Fort William/Port Arthur or Vancouver.

² See preceding paragraph for basis of inventory valuation.

OPERATING COSTS—1957-58 WHEAT ACCOUNT

Net operating costs applicable to the 1957-58 Pool Account amounted to \$19,875,983.14 as at July 31, 1958.

Carrying charges on wheat stored in country and terminal elevators were \$27,562,833.41. This item was reduced by \$10,297,425.39*, which amount was received from the Government of Canada under the Temporary Wheat Reserves Act and applied to the 1957-58 Pool Account to July 31, 1958. Net carrying charges for producers' account were, therefore, \$17,265,408.02.

Interest and bank charges, less net interaccount interest, amounted to \$1,078,624.43. Net additional freight on wheat shipped from country elevators to terminal positions amounted to \$290,505.81. These charges arose mainly in the movement of wheat to the Pacific Coast from stations in western Saskatchewan from which there is a more favourable freight rate to Fort William/Port Arthur than to the Pacific Coast, and in the movement of low grade wheat from Alberta stations to the Lakehead. This item also reflected a credit for freight saved on wheat moved to Churchill. Handling, stop-off and diversion charges on wheat stored in interior terminals amounted to \$50,158.96. Drying charges were \$1,800.66. Administrative and general expenses applicable to the 1957-58 Pool were \$1,189,485.26.

GENERAL COMMENTS ON THE MARKETING OF WHEAT—1957-58

STOCKS UNDER ADMINISTRATION

The Board commenced the crop year with an inventory of 366.4 million bushels of wheat for the account of the 1956-57 Pool. From August 1, 1957 to July 31, 1958 deliveries to the 1957-58 Pool amounted to 378.4 million bushels. Therefore, during the crop year the Board had under administration 744.8 million bushels of wheat for the account of the 1956-57 and 1957-58 Pools. The two Pool Accounts were administered concurrently until May 9, 1958, when the 1956-57 Account was closed and remaining stocks in that Pool transferred to the 1957-58 Account. From August 1, 1957 to May 9, 1958 sales were applied to the 1956-57 Pool Account to the extent that this Pool could supply the grades required for sales contracts. From May 11, 1958 to July 31, 1958 all sales were applied to the 1957-58 Pool Account.

*See Supplementary Report of The Canadian Wheat Board for 1956-57, Page 3. Moneys paid to the Board under the Temporary Wheat Reserves Act from August 1, 1957 to July 31, 1958 were divided between the two operating pool accounts as follows:

1956-57 Pool Account—Wheat	\$25,256,083.25
1957-58 Pool Account—Wheat	10,297,425.39
	<hr/>
TOTAL	\$35,553,508.64
	<hr/> <hr/>

INTERNATIONAL WHEAT AGREEMENT

The crop year 1957-58 coincided with the second year of the new International Wheat Agreement which became effective on August 1, 1956. This Agreement provided for a maximum price of \$2.00 per bushel and a minimum price of \$1.50 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur, expressed in Canadian currency at the parity of the Canadian dollar determined for the purpose of the International Monetary Fund as at March 1, 1949.

A total of 42 importing countries and 6 exporting countries participated in the Agreement in 1957-58.

In 1957-58 the total guaranteed quantity under the Agreement was 294.6 million bushels and Canada's share of this total was 100.1 million bushels. Total wheat sales registered under the International Wheat Agreement were 194.4 million bushels. Canadian sales registered under the Agreement for the crop year were 78.0 million bushels.

The Board continued to represent the Government of Canada in the administration of the International Wheat Agreement.

THE INTERNATIONAL WHEAT MARKET—1957-58

The crop year 1957-58 differed from 1956-57 in several ways. In both crop years world production of wheat was on a generous scale but the distribution of production varied considerably. In 1956-57, European wheat crops suffered extensive damage, thereby causing an increase in international trade in wheat. In 1957-58, the position was reversed when Europe harvested a large wheat crop and thereby reduced potential international trade in wheat. In other continents the prospect was for the continuance of normal trade in wheat. There were no factors to offset the effect of a smaller demand from Europe, and in 1957-58 the exporting countries had to base their marketing plans on a somewhat smaller international market.

This position had some interesting implications. The United States could not expect to maintain the levels of commercial exports and Government disposal established in the previous crop year. With European importing countries generally requiring less imported wheat than in the previous crop year, buyers were more selective as far as quality was concerned. This position worked to Canada's advantage.

A constructive feature of 1957-58 was the stability in price levels which existed. This tendency was probably strengthened by the sharp decline in wheat production in Canada and Australia and the moderate decline in Argentina. While reserve stocks of wheat in the United States and Canada were large, the smaller wheat crops referred to above had some bearing on the international market.

Circumstances were such that there was scope for assistance to under-developed countries or countries experiencing extreme needs. In this field the United States found an outlet for a substantial quantity of wheat, and Canada made a notable contribution.

Mr. BRUNSDEN: Mr. Chairman, we have gone from page 5 to page 8, and you have said we could not discuss any of those clauses until we come to the end of this paragraph. Now sales policy is something entirely different, and I think we should be permitted to review the foregoing paragraphs which deal with subjects entirely different from sales policy.

Mr. HORNER (*Acadia*): In order to continue that to clause 8 we would have to go all the way to page 17, which seems to be covering a great deal, not that I wish to slow up the committee's work, but I do want to cover it. It seems to me from page 5 to page 17 is too much in one jump.

The CHAIRMAN: If it is the pleasure of the committee—I was just carrying on as we were last year, but if it is the pleasure of the committee we will break off at this point. What is your pleasure—break off and discuss it up to there?

Agreed.

The CHAIRMAN: All right, gentlemen, any comments?

Mr. BRUNSDEN: Well, I am intrigued by this tremendous increase in the growing of Durum wheat. I am wondering if Mr. McNamara would have any opinion as to the reason for it. Durum in our country is a crop that

you grow with some risk, and quite often we lose the crop. Why the phenomenal increase in the growing of Durum?

Mr. McNAMARA: Mr. Chairman, I have a memorandum which we prepared some time ago for use in connection with Durum wheat. I think if I read that it would be clearer than if I tried to explain it orally. This is just dealing with the question the member poses.

Durum Wheat

Durum wheat is in a surplus position; a number of factors contributed to this position. First and foremost was the remarkable increase in Durum wheat acreage which took place in 1956 and 1957. The figures are as follows:

1955	695,000
1956	1,650,000
1957	2,358,000

The result in terms of production was as follows:

1955	17.2 million bushels
1956	41.3 million bushels
1957	44.1 million bushels

The increase in production was much too rapid to be absorbed by current markets. Some reasons for the increase in Durum wheat production were:

1. the fact that the Board increased its initial payment for Durum grades by 10 cents per bushel over ordinary spring wheats;
2. the prices which producers realized on deliveries to the Board during the period of relative scarcity of Durums;
3. the fact that up until August 1, 1956 it was unnecessary for the Board to impose delivery quotas on Durum wheat;
4. the movement of Durum wheat production into Saskatchewan and Alberta, and the success of the Stewart variety in southern Alberta and more recently in southern Saskatchewan. Stewart Durum not only yielded well in southern Alberta but has proved itself to be fairly drought resistant.

A sharp reduction occurred in Durum wheat acreage in 1958—a reduction to 1,125,000 acres and production declined to 16.3 million bushels. Even with this sharp reduction in 1958 production, the Durum wheat surplus will continue for some time because of the heavy carry-overs from the unprecedented 1956 and 1957 harvests.

DURUM WHEAT—PRAIRIE PROVINCES
ESTIMATED ACREAGE, PRODUCTION, FARM PRICE AND VALUE

Crop Year	Seeded Acreage	Average Yield per Seeded Acre	Production	Average Farm Price	Total Farm Value
	acres	bu.	000 bu.	\$ per bu.	\$000
1941-42	210,000	17.1	3,600		
1942-43	264,000	25.4	6,700		
1943-44	325,000	20.0	6,500		
1944-45	494,000	19.2	9,500		
1945-46	459,000	13.0	5,950		
Average	350,000		6,450		
1946-47	682,000	15.9	10,850		
1947-48	930,000	14.3	13,300		
1948-49	1,294,000	15.0	19,400		
1949-50	1,463,000	10.1	14,800		
1950-51	1,265,000	15.3	19,400		
Average	1,127,000		15,550		
1951-52	696,000	19.0	13,200		
1952-53	440,000	23.1	10,150		
1953-54	468,000	19.4	9,100		
1954-55	745,000	8.9	6,600		
1955-56	695,000	24.7	17,200		
Average	609,000		11,250		
1956-57	1,650,000	25.0	41,300		
1957-58	2,358,000	18.7	44,100		
1958-59	1,125,000	14.5	16,300		
Average	1,711,000		33,900		

The situation is about the same today.

We have enjoyed a relatively heavy export year in Durum. At the present time our Durum exports are in the neighbourhood of 14 million bushels, our domestic utilization is at about 2 million bushels. It is a heavy movement for Durums. But the fact is we have in visible position approximately 27 million bushels, and the latest figure we have on farm supplies is in the neighbourhood of 20 million bushels. So we have now available 47 million bushels or about a three-year supply, taking into consideration the current market demand.

I think I might comment that in market demand Italy, which used to normally be a customer for Canadian Durum, has now been self-sufficient. In fact under the wheat agreement this year Italy is joining as an exporter of wheat, and our market for Durum has carried throughout generally to Switzerland, which is still our No. 1 country for Durum, Germany and to some extent the Low Countries and the United Kingdom. However, I would think that we will do well to continue to export in the neighbourhood of 15 million bushels of Durum a year. The demand is not there for larger quantities, and our domestic utilization is in the neighbourhood of 2 million to 2½ million bushels, so that certainly the bloom is off the rose in so far as Durum is concerned.

That may create in the minds of members a question as to why the prices have not been reduced much more than they have, although we have made

sharp reductions in the price of Durum. But in carefully analyzing this situation we do not think we can sell an increased quantity of Durum at anything like the quantity we want by sharply reducing the price. The fact is there is this limited international market for Durum wheat.

Mr. BRUNSDEN: Is there a premium still on?

Mr. McNAMARA: Yes, we are still selling quality grades of Durum at comparable prices to 3 and 4 northern, and we are selling at a premium on 4 Durum of two cents over 4 northern. Two years ago we reduced the initial payment and it is about the same as the northern grades.

Mr. McINTOSH: Mr. Chairman, I have three questions. My first one is on page 6, the righthand column, under total wheat stocks. The statement has been made here that 1½ million bushels was received from other than producers. Now, who would the wheat board receive wheat from other than producers?

Mr. McNAMARA: You will remember the question was asked me today whether we could take delivery of wheat in the hands of dealers and others other than producers. Under our act we can take delivery of wheat from other than producers on paying only the initial payment price. They do not participate in the earnings of the pools and in addition to that there are overages involved, grain that is acquired in the terminals which they must sell to us. We pay them only the initial payment price for, and the benefits of the future payments go into the pool and are reflected in our final payment price to the benefit of the producers.

Mr. McINTOSH: What do you mean by bushels received other than by producers?

Mr. McNAMARA: Elevator companies and terminal operators that have overages in the handling of wheat.

Mr. McINTOSH: My second question is directed to page 8, under operating costs. The first statement is that net operating costs applicable to the 1957-58 pool account amounted to \$19 million and the last line in the third paragraph states that administrative and general expenses applicable to the 1957-58 pool were \$1 million. What is the difference between the net operating cost and administrative cost?

Mr. McNAMARA: I will endeavour to answer your question and, if I am wrong, Mr. Earl will correct me. The difference is the carrying charges, the storage and interest charges we pay to the companies during the period the wheat is being handled for our account. When the elevator company buys the grain they pay the farmer the initial price and they finance that until they make delivery to us. We pay them carrying charges and also the interest charges they pay to the bank during the period the grain is financed for our account. The operating cost is the administrative cost to the board.

Mr. McINTOSH: Is not net operating cost the ultimate; why the additional administrative expenses?

Mr. McNAMARA: There are the charges of our own organization in making the payments to staff, the carrying charges which are the fees we pay the companies for storage on grain plus the interest which they in turn pay the banks for financing. Do you care to add a word, Mr. Earl?

Mr. EARL: Mr. McIntosh, could I refer you to exhibit 2? The net operating costs to which you are referring is the total operating cost. It is in exhibit 2 in the financial statements. It will come after page 31; it is about page 33. I think this is what you are driving at. The total operating costs of the pool were \$19.8 million, including the \$1.1 million for administration.

Mr. McINTOSH: Thank you. My third question is in reference to page 8, the right-hand column, concerning the wheat agreement. In reference to my

previous question this afternoon, does the rate of interest in the different currencies make a difference to the amount of money received by the producer, or is it all determined in United States funds? I notice you make reference to Canadian funds.

Mr. McNAMARA: No, the ceiling and the minimum price of the international wheat agreement are based on the Canadian price of \$2 and \$1.55 in United States funds, and that is determined in the rate of the Canadian dollar set by the monetary fund in 1949. In actual practice, to make our wheat competitive with the United States and other countries, we adjust our price daily, based on the United States funds, so when the premium is on our dollar the price lowers and when our dollars are at a discount our price rises.

Mr. RAPP: Will the wheat board have a large quantity of low grade wheat on hand as a carryover in 1958-59? I ask this question because in 1956-57 and 1957-58 we had two crop years when we had that frost and we had a carryover of low grade wheat. Have you been successful in disposing of more than usual this year?

Mr. McNAMARA: Our answer to your question is yes. We have no problem now in so far as low grade wheat is concerned. We have merchandised a substantial quantity which was produced in that year. In this year's operation, one of the reasons our exports are down is because we have not had the low grade wheat to take advantage of certain markets that prefer that wheat. We still have some five and six, but generally speaking we have merchandised the bulk of it that was produced in those years.

Mr. HORNER (*Acadia*): Along with this low grade wheat, I think it is the general belief, the wheat board buys the grain as No. 4 and sells it for No. 2, or they mix it. I would like to have it pointed out that the pools are kept separately. Is that not right? Is it not true that each grade has a separate pool and that is how you determine the different payments for those grades?

Mr. McNAMARA: Yes, there is a separate pool for each grade of grain.

Mr. HORNER (*Acadia*): I have another question. With this grade pattern shown here, the grades received by the elevator companies are not necessarily the percentage of grades grown in this crop year, are they?

Mr. McNAMARA: These are the percentages that were delivered to us after government inspection in the terminal position.

Mr. HORNER (*Acadia*): It is not necessary—

Mr. McNAMARA: Just a moment now; I might be wrong. I am sorry; these are the grades that the producers receive on the certificate issued by the elevator companies.

Mr. HORNER (*Acadia*): It is not necessarily the grades grown in this crop year?

Mr. McNAMARA: No.

Mr. PASCOE: Mr. Chairman, paragraph 3 on page 8 reads:

Interest and bank charges, less net inter-account interest, amounted to \$1,078,624.43.

In that the usual yearly amount or is it higher or lower than usual?

Mr. McNAMARA: Where do you see that figure?

Mr. PASCOE: It is in the third paragraph on page 8, under operating costs.

Mr. McNAMARA: Yes, interest and bank charges, less net inter-account interest, amounted to \$1,078,624.43.

Mr. EARL: Basically that is right. That is the accumulated interest on financing that we do through the bank up to this point. Our bank borrowings follow the accepted pattern and that does not vary. That is on the direct borrowings.

Mr. McNAMARA: There is a difference. There are the elevator companies as well as the shippers and exporters. They borrow money and finance the grain while it is in their custody. This item refers to our direct borrowings. In addition to that we pay the interest charges to the elevator companies on their borrowings while the grain is in their custody.

Mr. PASCOE: Are these interest charges high?

Mr. McNAMARA: They have been increasing quite rapidly.

Mr. NASSERDEN: Following along, net additional freight on wheat shipped from country elevators to terminal positions amounted to \$290,000 roughly. What would be the savings for wheat moved to Churchill; have you the figures for that?

Mr. McNAMARA: Yes, we have a breakdown of that.

Mr. NASSERDEN: While you are looking for that, the other thing that interested me was Mr. McIntosh's question in regard to what the value of our currency does to the price of domestic wheat; in other words, the fact that the price of our domestic wheat is set by order in council the consumers of our country actually get a saving because our dollar is valued higher today than the American dollar.

Mr. McNAMARA: Yes, our selling price is reduced accordingly and the Canadian consumer receives the benefit of that.

May I suggest that a lot of these questions are related to the situation as of July 31, 1958. I think the committee would be more interested in the supplementary report where we submit to you the financial accounting for the pool. We can give you the net cost involved when we close the pool on May 15. I have the information here on the freight differential of 1957 wheat as of May 15, 1959, but that is not the figure in the report at which we are looking. I suggest if you raise your question in connection with the supplementary report, we will give you the actual figure as pertaining to that full operation.

Mr. KORCHINSKI: Could we have a report read into the minutes of the countries that imported grain from Canada, and the average price paid for grain by those countries under the international wheat agreement association? Could we have that incorporated in the minutes of the proceedings?

Mr. McNAMARA: Do you mean just Canadian wheat or all wheat?

Mr. KORCHINSKI: Just Canadian wheat.

Mr. McNAMARA: I do not know whether we could give you that information. We could give you our average selling price by month, but I do not think that we have that broken down by country of destination. And even if we could break it down I would question the advisability of making it public because I would be afraid the figures might indicate that on average the Japanese paid a cent more than the Germans, and there might be repercussions as far as sale procedure is concerned. We do not have a breakdown on that.

Mr. KORCHINSKI: Could we get the amount of grain that was exported to these countries?

Mr. McNAMARA: Yes, look on page 12 and see if that information is what you are looking for. We break down the exports of wheat and wheat flour by crop year for the country of destination.

The CHAIRMAN: Perhaps we could look that up when we come to it. Mr. McIntosh?

Mr. McINTOSH: On page 7—Mr. McNamara may wish to explain this when the supplementary report is taken up, but I wonder if he could differentiate between (c) and (d) under paragraph 5 on page 7,—“the net interests paid on agency wheat stocks”, and “bank interest and exchange.”? What is the difference between those two?

Mr. McNAMARA: I think we will have Mr. Earl explain that to you, sir.

Mr. EARL: Item (d) is the bank interest and the bank exchange that we pay in our direct dealings with the chartered banks. Item (c) refers to our agency system of selling wheat, where it is sold on a provisional basis. In other words, in order to place wheat in the hands of our agents so they can ship it and sell it for money, we undertake to pay them an agreed rate of interest, and that is the figure represented here in (c). That is the net interest that we have paid to them during that period.

When they sell the wheat and receive the sales proceeds from the buyer we receive an interest credit during that time, until they settle the proceeds with us. This is done on a net basis, because they settle with us on what they call an account sale, showing the interest they have charged us and the amount of interest they are crediting to us on the acquisition and disposal of a particular parcel of wheat. Does that answer your question?

Mr. McINTOSH: It may, but I just do not understand it. Under (c) your agents—could you give an example?

Mr. EARL: Yes. The Saskatchewan pool, for instance, acting as our agent acquires 100,000 bushels for us for shipment into the eastern export position. We sell that wheat to them on a provisional price basis in Fort William for \$1.40 a bushel. They pay us \$140,000 at the time it is invoiced to them. They carry that wheat until such time as it is sold for our account. During the time they carry it we pay interest on the \$140,000 they paid us in the first place, because they are still carrying the wheat for our account.

When it is sold, if the proceeds are \$150,000 they would settle with us for 10,000 and they will adjust the interest from the date of sale. That accounting is made with us.

Mr. McINTOSH: Did you say the Saskatchewan wheat pool?

Mr. McNAMARA: The export department of the pool, as agent of the board.

Mr. McINTOSH: Do they all have an export department?

Mr. McNAMARA: No.

Mr. EARL: But take James Richardson and Sons.

Mr. BRUNSDEN: Do they pay storage on that as well?

Mr. EARL: Yes, that is correct; the interest.

Mr. McNAMARA: I would like to develop this further, and Mr. Riddel has a thought that he would like to interject here.

Mr. RIDDEL: This refers mostly to wheat moved from terminal elevators at the lakehead to eastern seaboard and storage positions. The shipping companies, such as James Richardson and Sons, Bungay Grain and Continental Grain, will come to our salesmen and tender lake freight for the moving of the grain. If we wish to move wheat from the lakehead we will supply them with sufficient wheat to utilize that freight.

The method of operation is that we will sell them on a provisional basis that wheat, at a provisional price. They, in turn, carry that wheat for our account until it is put into an eastern position, or until we ask them to transfer the wheat to another agent to apply against a sale. In that case they have paid us—taking the example of Mr. Earl—\$140,000. We would pay them the equivalent of the rate paid by them to the bank for the carrying of that wheat during the period they carry it for our account.

Mr. KORCHINSKI: On the whole question of favourable freight rates through Fort William or the Pacific coast, is there a line of demarcation on the stations, or has it varied from year to year?

Mr. RIDDEL: No, the rates are constant, but we do sometimes ship against the differential. We have been shipping the last few years from western

Saskatchewan on a differential up to three cents a hundred because the amount of business we are able to originate out of west coast ports is such that we can take care of the quotas in that portion of Saskatchewan.

Mr. KORCHINSKI: Is that shipment three cents on either side of the line of demarcation?

Mr. RIDDEL: No, it varies not only by stations, but by competitive factors. In southern Saskatchewan, at Gravelbourg, it might be six cents against Vancouver, but shipping to the west from another station on the main line might be only three or four cents against Vancouver.

Mr. KORCHINSKI: Shipments are made both ways?

Mr. RIDDEL: Yes.

Mr. MCINTOSH: Is that item (e) under the same paragraph?

Mr. RIDDEL: Yes.

Mr. MCNAMARA: Just while our controller is looking that up, Mr. Dallas has pointed out that I should remind you it is not a net loss to the pool because we have been securing quite a substantial premium on shipments through Vancouver, and we are taking up the different price factor, though absorbing the freight differential against the shipping there.

Mr. HORNER (*Acadia*): There is the belief among farmers that No. 1 wheat is becoming hard to get. I know the share of the percentage bought was 0.22, quite a bit less than one per cent. I brought the same matter up the last time the wheat board was here, and I cannot think of anything that could be said that would convince the farmers of anything other than their belief there is no longer a grade such as No. 1 wheat. I pursued this matter and I know the wheat board believe that No. 1 wheat is still the same quality as it was 10 or 20 years ago. But I was interested in the statement made by Dr. Irving, a member of the board of grain commissioners, in which he said that the wheat quality is improving because the wheat is being seeded mostly to summer fallow.

I do not know whether this is the right way to ask this question, but I want to see how wheat quality could be improved if we are still getting less and less of No. 1.

Mr. MCNAMARA: You raised this same question last year, and I very carefully passed the buck to the board of grain commissioners, and I said I would be interested in the answer they gave you. I thought they gave you a good answer.

Mr. HORNER (*Acadia*): They did not satisfy me.

Mr. MCNAMARA: It is a question of grading which comes under the board of grain commissioners. We can only sell the grade they place on the grain.

Mr. HORNER (*Acadia*): If this wheat is noted for its quality—and Dr. Irving said that the quality is improving—last year it was 0.43 and this year it is down to 0.22. That is a continual drop in the amount of No. 1 wheat sold by the farmers. It seems that it is noted for its quality and the quality is improving.

The CHAIRMAN: I believe that is a question for the board of grain commissioners.

Mr. MCNAMARA: Yes, we have no jurisdiction in that regard.

Mr. HORNER (*Acadia*): I do not know what percentage of grain sold is No. 1. I could not say, but I wonder if a larger per cent of No. 1 wheat was sold?

Mr. MCNAMARA: No.

Mr. HORNER (*Acadia*): And whether it was blended in?

Mr. McNAMARA: No, it is very, very close. There is no mixing with regard to the Board of Grain Commissioners regulations at the terminals within the statutory grades of 1, 2, 3 and 4.

Mr. ARGUE: They are mixed at the country elevators?

Mr. McNAMARA: Yes.

Mr. ARGUE: They steal it from the farmers and then mix it.

Mr. HORNER (*Acadia*): Is that a fact, that they steal it from the farmers and then mix it, and then the wheat board buy—

Mr. ARGUE: Then they have overages, and they keep them too.

Mr. HORNER (*Acadia*): Coming back to my question: what are these figures—are they the grain elevators purchases, or the wheat board purchases?

Mr. McNAMARA: The grade placed on the wheat the farmers deliver, in accordance with the producer's certificate issued to the producer, and on the basis of which we settle to the producer in our final returns.

Mr. HORNER (*Acadia*): Then I would assume the wheat board has purchased from all elevator companies .22 per cent of No. 1 wheat, and not any more than that—or would they have purchased more than that?

Mr. McNAMARA: No, not anymore than that.

Mr. KORCHINSKI: How many bushels have they sold of No. 1 wheat?

Mr. McNAMARA: It is pretty difficult to say, pertaining to any one crop year, because they become intermingled at the terminal. But we can give you our sales by grade over a period.

Mr. KORCHINSKI: Could you give us a five-year average of the amount of No. 1 bought, and then a five-year average of No. 1 sold?

Mr. McNAMARA: We will endeavour to get that information for you. But I can assure you that the percentage of our sales of No. 1 northern are very, very close to the percentage of sales we receive. We have not got a lot of No. 1 northern to sell.

Mr. HORNER (*Acadia*): Canada advertises her grade as a very, very good grade of wheat when they go to sell it. Supposing I did not know anything about Canadian wheat—maybe I do not—but I am a prospective buyer, and somebody said, "This is a No. 2 wheat"—I would take it that it is an inferior grade they are offering me.

Mr. McNAMARA: I think you will find our buyers are very conversant with our grading regulations and appreciate the fact that they are set by statute, and No. 2 wheat must meet the specifications—No. 2 and No. 1 must meet the specifications. They recognize that No. 2 wheat is really our top commercial grade. One of the poorest countries in the world continues to buy No. 1—Ireland; my native country—but it is not the basic grade anymore; No. 2 northern is recognized as the quality wheat in the world.

Mr. KORCHINSKI: Then is there a need for a reclassification of grades?

Mr. McNAMARA: No, I do not think so. I want to be very definite on this. I have no jurisdiction over grades, but I do say—as one charged with the responsibility, or sharing the responsibility of all merchandising—that the thing we have to sell that no other country has is the satisfaction, the belief in our grading regulations. When the foreign buyers buy No. 2 northern and No. 3 northern, they know exactly what they are going to get, and there is general satisfaction.

I would hate to see a change in the grading standards, because of all the competition we have against us all over the world, we have something that nobody else has—we have the belief of these people in our grading standards and regulations and the job the Board of Grain Commissioners is doing. I would hate—and I would oppose—any change in the basis of the statutory

grades. That is an asset that Canada has that we are trying to capitalize on, and I would certainly strongly oppose any suggestion that we should change our grade to meet changing conditions.

Mr. KORCHINSKI: My impression was that Canadian standards were about the highest in the world. What standard are you comparing No. 1 with—when we have hardly any?

Mr. McNAMARA: No. 1 is the premium grade that is not available anywhere else in the world and, to a very limited extent, in Canada. No. 2 is the top commercial grade in the world, and the buyers know that.

Mr. McINTOSH: Could you tell us the, say, second country which has wheat comparable to ours: what grade would be equivalent to Canadian standards?

Mr. McNAMARA: We have arguments on that; but I do not think there is any country in the world that has any volume that is better than our No. 3 northern—and most of our competitive wheats that are comparable are half way between our No. 3 and No. 4. I think No. 3 northern is in a class by itself.

Mr. ARGUE: In addition to the features of the statutory grading as set out, is it not correct that purchasing countries also take into account protein content? Protein content is not set out in the statutory grades?

Mr. McNAMARA: That is right.

Mr. ARGUE: The farmer is not paid for it on that basis, but the purchasing countries are very particular to see that the shipments they do buy not only conform to the statutory grade but, if possible, have a relatively high protein content?

Mr. McNAMARA: Yes. During the years we produced low quality wheat and our protein was lower than average, we did run into some serious competition from the Americans, who guaranteed protein content. I am not an expert on this, but I do know the percentage of protein is not the answer, because the Canadian wheat—No. 2 northern, we will say—with a 13 per cent protein content is recognized by the main buyers in the world as being a better wheat than, say, an American wheat with, 14 per cent protein.

Mr. ARGUE: But our 14 per cent protein wheat is considered better than our 11 per cent protein wheat?

Mr. McNAMARA: That is right. Some years ago I know a great deal of thought was being given, and a great deal of research was being done as to whether a protein factor could be added to the present statutory grades.

Mr. ARGUE: Do you know if that is still being looked into—or has it been discarded?

Mr. McNAMARA: Yes, it has been under active consideration. In the opinion of our board—and concurred in by the Board of Grain Commissioners—we would not secure a higher price for selling protein, and we are very concerned about the price we would get for the residual quantity if we took the cream off our protein.

Mr. ARGUE: So the farmer who produces the high protein content has the satisfaction of knowing that he is selling most of the Canadian wheat, even if he does not get a premium for it?

Mr. McNAMARA: The areas producing high protein change. In your area you had a very strong argument a few years ago, but recently the northern part of Saskatchewan has been competing with the part of Saskatchewan which you represent.

Mr. ARGUE: The weather may get it back, though.

Mr. McNAMARA: That is right.

Mr. FORBES: Mr. Chairman, I wanted to ask a question regarding the sale of wheat that I understand was carried out last year by the Canadian Wheat Board. I do not know what heading to get under, but I would like to ask a question of privilege—or in view of the fact that the members are talking about quality, or protein content, I think this would be the right place for the question.

I will read you part of this information which I have got, so you can get ready for your answer.

In recent weeks Ecuador has been in the market and we could have supplied seed wheat out of the west coast but we were told by the wheat board that they had advice from the seed branch that they did not have sufficient staff to have this wheat sealed and this was the reason for turning down the export permit. We understand that the purchaser from Ecuador, who was in Canada, has now bought his requirements in the United States and we have definitely lost this order and it may be that we have lost the account. In other words, the wheat board will not satisfy the needs of customers out of Vancouver as to grade, protein content, et cetera. . .

I will not read the rest of it. Before you answer, it may be of some assistance to the committee to know that in the three western provinces of Canada last year there were approximately 7 million bushels of wheat that were eligible for registration. Three and a half million bushels of that have been exported to the United States as wheat, leaving a balance of approximately 3 million bushels. This order, I understand, was for 600,000 bushels.

We have in the past exported wheat under what they call class 2—under that basis—and why could we not make some arrangements to take advantage of that sale this year because, as you know, when a purchaser buys registered or certified seed, he gets a uniform grade—it is clean; the protein content is also guaranteed. Why have we not taken up these sales?

Mr. McNAMARA: As you implied, this is a question of the sale of commercial grain as compared with the registered and certified seed. Registered and certified seed is primarily produced for seeding purposes, not only in Canada but in other seeding markets of the world, and for a considerable time came at a premium over commercial supplies. But at one stage in recent years—because of quota regulations; because registered and certified seed is exempted from Board regulations—there was a big switch to registered and certified seed, with the hope of being able to sell their product without quota restrictions.

That was not too serious, until we reached the situation where the volume of seed grade in Canada was such that farmers, to merchandize it to the dealers, started offering it at substantial discounts under our regular price. So we would offer, say, commercial No. 2 Northern to a country like Ecuador, and that was the price of Canadian wheat, and yet our trade was saying, "We can discount the Canadian price by 10 cents a bushel and we will supply you registered and certified seed". I question your statement that the standard of registered and certified seed, in so far as commercial quality is concerned, is always as good as commercial 2 Northern. As you know, registered seed can be pure as to variety but the grade can be below 2 Northern. For milling purposes, it is not as good as our commercial 2 Northern in all instances.

We were faced with the situation of who was pricing Canadian wheat. If you were offering 2 Northern into Ecuador at \$1.60 a bushel—and that is what we were getting for large German, British and Japanese sales—and at the same time offered equal to 2 Northern at \$1.50, the \$1.50 became the price which the buyer asked for Canadian wheat.

As a result of that and our endeavour to obtain the best possible price for the producer, we restricted the sale of registered and certified commercial seed

to certain markets. We still allowed it to go to the United States where, under their import regulations, it is classified as unsatisfactory for human consumption and can only be used for seeding and can be imported without the payment of ad valorem duty. There are only one or two other markets such as, for instance, Saudi Arabia. They take our wheat. They do not mill it. They take it in sacks. They like the certified and registered because it is clean and free of foreign material. They cook it and eat it as such.

It was purely in the interests of the producers that we considered, in order to maintain the price level, we would prohibit the sale through normal commercial channels. I have noted that the Canadian Seed Growers' Association, at a recent meeting in Saskatchewan, and also at a previous meeting, have agreed with our policy. They feel it is in the interests of the seed growers themselves that the market for registered and certified seed should be confined to seed and that growers should not be encouraged to grow registered and certified seed just for the purpose of delivering grain over the quota and selling it for any discount price in order to get rid of it. If Canada started to compete pricewise in such a procedure it would only result in lowering the general price structure.

Mr. FORBES: If we get the export orders for wheat by producing inspected grain, then we should be after this market and keep in mind that the United States is exporting large quantities of our wheat to maintain the quality of their wheat in order to enable them to compete with us.

Mr. McNAMARA: Our normal customers like the United Kingdom, the Japanese who are taking 37 million bushels, the Germans who are taking 37 million bushels and other regular commercial markets would not be satisfied with the quality of certified and registered seed. If your thought is we could merchandise more wheat by getting away from the statutory regulations of grading and sell Canadian wheat under the regulations pertaining to registered and certified seed, I do not think that would be the case. I do not think we would sell one-tenth the amount of wheat we sell now if we did that.

Mr. FORBES: I could not agree with you. I think when you get a sack of wheat sealed up as registered seed you have a higher quality seed.

Mr. McNAMARA: Not for milling purposes. The first Thatcher wheat which was bought in Saskatchewan I bought from a grower in Manitoba when Thatcher was first being introduced. I paid \$2 a bushel and I think at that time commercial wheat was around 70 cents a bushel. I took it in to the board of directors and I was quite pleased I was able to capture this Thatcher wheat. Our directors agreed it was feed wheat, but it was still pure registered seed. It would produce a good crop but would be lower in standard for milling purposes under the standards set up for wheat under the statutory grades.

In respect of your statement, I read something about this to the effect that they wanted to make this transaction because there was a much larger margin of profit for them in a transaction of this kind than in a normal commercial transaction. They stated we lost that business. I am not satisfied we did, because we have been maintaining fairly normal sales in the Ecuador market. We are not satisfied we are losing any business on a commercial basis by restricting sales of commercial wheat in these markets. I think we are enhancing Canadian sales in these markets by shipping quality wheat as set by the commercial grades standards.

Mr. KORCHINSKI: I want to come back again to this question of grading. From the table at page 6 I note that the wheat board has purchased .22 per cent of grain as number 1. Going on to number 2, we find that they purchased 19.03 per cent which is 100 times as much number 2 as number 1.

Going on to number 3, you have about 175 times as much number 3 as number 1. Going on to number 4, you have 125 times as much. These are all rough figures. I think this gives a wrong impression to anyone reading prices because you always refer to number 1 and yet it is such a small percentage which has been sold as number 1. Everybody is labouring under a wrong impression. I think there is no use in telling people we are getting such and such a price for number 1 when actually we are not. We are only getting the 2, 3, or 4 price.

Mr. McNAMARA: When we get to the supplementary report at page 4, you will notice we give the realized price for 1, 2, 3, 4, 5 and 6. We show in our report the amount realized for each of the various grades.

Mr. KORCHINSKI: Yes; but everybody always refers to the biggest price and refers to number 1. What is it? What are we going to get?

Mr. McNAMARA: I do not quite agree with your contention. However, I do suggest it is grading regulations. Again, I suggest for your consideration it would be very unwise to alter the standards and start calling number 1 what we now call number 2. You would not fool anybody in the world.

Mr. KORCHINSKI: I am not suggesting we alter the standards. Certainly, in order to give use the proper perspective, we should not consider number 1 because we do not have as much as we would like to think we have. We should think in terms of number 2 from now on.

Mr. McNAMARA: It may be that the quality of wheat you, as a farmer, are producing is not up to the standards of number 1, but it may be this year that with the weather conditions and such we will be back into number 1. The board of grain commissioners assures us the varieties we are using in this country are quite capable of coming up into the category of number 1 if the weather conditions are suitable.

Mr. KORCHINSKI: Was there any indication of that in the last five years?

Mr. McNAMARA: No.

Mr. KORCHINSKI: In the last ten years?

Mr. McNAMARA: Yes. I do not know the percentage. However, we have had larger quantities of number 1 Northern than this year—this crop year we are considering here.

Mr. HORNER (*Acadia*): It is evident that over the years to the present year the percentage as graded for number 1 has decreased, and has been on the general downhill since the turn of the 1950's. We have not got above 5% at any time. Just to go back to 1947-1958, 13.6% of the wheat grown in that year was number 1. I think Mr. Forbes has a good point there. I think a lot of farmers might have something in what they say, that the grades are getting tighter. There is a general belief that they are getting tighter. I am not saying that I am against it at all.

Mr. McNAMARA: I do not know what you want me to do except to say that I have noted the same trend. But we have no control over the grades.

The CHAIRMAN: Should we not take that up with the Board of Grain Commissioners?

Mr. McNAMARA: I think it was discussed in some detail at the last committee.

Mr. CHURCHILL: Anyone who wants to refer to this will find it at page 214 and the following 6 pages of last year's report, when the Board of Grain Commissioners were before the committee, and later on, percentagewise, in regard to number 1 northern. It is set out there.

Mr. NASSERDEN: A little while ago you referred to rising interest rates. Has there been any increase in the interest rate that the wheat board has had to pay for money this year as compared to last year?

Mr. McNAMARA: Not yet, but it is coming. We are at present negotiating with the banks. They have suggested a substantial increase in interest rates. We are resisting it. But in view of the bank rate I know we are going to be for an increase. We suggested that we would not meet them, but we would be prepared to pay an interest rate which would be an increase over our current rate, and we are negotiating as to an effective date of that increase.

Our loans from the bank must be guaranteed by the governor in council and of course by the Minister of Finance, who must make the guarantee, and who must give us the green light before we agree with the banks. So it is really a negotiation between the banks and the Minister of Finance. On our direct borrowing we have been paying 4% and our agents have been paying $4\frac{3}{4}\%$.

Mr. ARGUE: What would an increase of 1% in interest rates cost the wheat account over one year?

Mr. McNAMARA: We will get Mr. Earl to figure that out. Off the record I would say it would cost us a hell of a lot of money that we do not want to pay.

Mr. ARGUE: It is a hell of a policy; but that is the result.

Mr. BRUNSDEN: Before we leave page 7 there are two or three items; (b) storage on wheat stored in terminal elevators, $\$3\frac{1}{2}$ million (c) net interest paid on agency wheat stocks, which I assume applies to wheat, in a total of \$5 million; and coupled with that item (a) carrying charges on wheat stored in country elevators, \$22 million, making a grand total of some \$28 million.

Mr. McNAMARA: That's right, \$27,562,000.

Mr. BRUNSDEN: $\$27\frac{1}{2}$ million plus.

Mr. McNAMARA: That is right.

Mr. BRUNSDEN: I know some of these terminal elevators. Out of their share they can publish a newspaper and pay for fares to Ottawa. But I come back to this question of why in the world cannot a policy be devised whereby the farmer who went into this, who stores his own grain on his own farm—admitted that he may make a business of it; but that could surely be controlled by the board—why should some of that money not come back to the farmer, who is paying interest to the bank, for storing his wheat on his farm? Why should the terminal elevator get all the gravy, especially one particular terminal elevator?

Mr. McNAMARA: It is indirectly connected with the amount of grain that we must have in commercial position in order to meet our requirements. It is to our interest as merchandisers to keep heavy stocks in such positions. That is particularly true when we consider our eastern positions, because we need these stocks in order to fulfill our demands out of maritimes ports during the winter months, and on the St. Lawrence during the opening. If we did not keep heavy stocks of various grades in commercial position we would lose sales. We do not think we have lost any sales as a result of retarded movement from the lakehead because we have been carrying heavy stocks, and we plan to carry such stocks in commercial position.

However there is a limit to the amount that you can carry in the way of stock on the farm. I know that some quantities should not be carried further. I pointed out this afternoon that we are paying storage on the quantities in commercial storage less the percentage of the cost of storage that the government pays to the board, because they pay the wheat board carrying charges on the quantity in excess of 178 million bushels that is in commercial position as at July 31.

Mr. BRUNSDEN: Do you need a carrying stock of 170 million bushels?

Mr. McNAMARA: Yes, we need more than that. I am opposed to a large increase in commercial storage, but by the same token I would hate to see a substantial reduction in the quantity of wheat available to us in commercial position.

Mr. BRUNSDEN: You are talking from the marketing angle while I am talking from the farmer's angle. Is there not some line of demarcation between the two that the farmer could profit from and which would not discourage the shipping position.

Mr. McNAMARA: Yes there is, and I shall give you a personal opinion. In my personal view the point of demarcation has just about been arrived at. I think we have just about provided a balance between the commercial position and stocks on the farm. That is why I suggest that I would not advocate an increase in commercial capacity and store less grain on the farm. But if we paid for farm storage, that would be a charge against our operations, and our carrying charges, instead of being \$17 million would be increased to the extent that we paid for farm storage.

Mr. ARGUE: The government pays it now to the terminals.

Mr. McNAMARA: When in commercial position.

Mr. ARGUE: And if you would set up a normal storage for the farmer and pay him in excess of a certain figure it might be good policy.

Mr. McNAMARA: Yes, but I would question it. For example, if some producers got a firm hold on number 5 wheat, they might be reluctant to deliver number 5 wheat, and we might not arrive at a point where we could sell that number 5 wheat and get it out of the country.

Mr. ARGUE: You have that right now even when storage is paid to commercial elevators.

Mr. McNAMARA: It would become a little more difficult to call it off the farm, while we now can call it off the elevator companies, because we pay the carrying charges and we get it pretty fast.

Mr. GUNDLOCK: When you talk about surplus, have we got a big surplus?

Mr. McNAMARA: Of wheat?

Mr. GUNDLOCK: You are worried about the storage on hand and it must affect our sales.

Mr. McNAMARA: We have a surplus, but our position has changed, materially during the last two years. We have reduced our surplus in the past crop year by 200 million bushels, and I think there will be a corresponding reduction this year. That is not due only to our sales efforts, but because production was lower in the west in the last two years. And while we still have a surplus, it is not nearly as large as some people seem to think.

In my own view, and recognizing Canada as a continuous commercial merchandiser of wheat, I hope we will always be in a position to have a continuous supply of the various grades to meet our customers' requirements. I would hate to see Canada's carryover much below 300 million bushels. I would like to see one crop in front of us for merchandising purposes.

Mr. GUNDLOCK: In other words, from the business standpoint of the Canadian Wheat Board we have not any surplus?

Mr. McNAMARA: Yes, we have a surplus, I would say, in the neighbourhood of 200 million bushels.

Mr. GUNDLOCK: How can you say you have a surplus and be worried about stock on hand at the same time?

Mr. McNAMARA: I am worrying about stocks in commercial position. The discussion I had with the other member was that we would like to see the stocks available in commercial position actually. I would hate to see them reduced and the other half left on farms and not readily available to move and ship.

Mr. GUNDLOCK: If you had no other problems and had your ideal situation before you, how much wheat would you have in stock, how much surplus would you actually have?

Mr. McNAMARA: I would say in the neighbourhood of 300 million bushels. That is a personal opinion.

Mr. GUNDLOCK: That is your idea?

Mr. McNAMARA: Yes, for a country like Canada that has a target of about 300 million bushels a year, I would like to see that quantity in store all the time.

Mr. GUNDLOCK: The actual surplus at the moment is what?

Mr. McNAMARA: In the neighbourhood of 200 million bushels.

Mr. GUNDLOCK: Two-thirds of the crop year average?

Mr. McNAMARA: You mean the export average. No, we have been running about 260 million bushels exports in the last two years and our domestic utilization in addition to that of about 75 million a year.

Mr. GUNDLOCK: Actually, one damn good dry year and we are short?

Mr. McNAMARA: As a matter of fact, sir, I am worried about the stock from this year, not quantity-wise, but in many areas unless we produce a good average crop I am afraid some of our producers are going to suffer a hardship due to the fact that they have a limited quantity of grain to market.

Mr. McINTOSH: Mr. Chairman, I wonder if Mr. McNamara has the answer to our question, namely, item (e), additional freight net?

Mr. McNAMARA: Mr. Earl has that.

Mr. McINTOSH: I have an additional question after that.

Mr. EARL: Mr. McIntosh, I wonder might I answer that question by referring to the supplementary report? I have the figures for the final accounting of the pool. I do not have them as at July 31, but I think perhaps it might serve your purpose.

The final figure for the net additional freight, if you turn to the third last page of the supplementary report, is \$828,000.

Mr. McNAMARA: What page number, Mr. Earl?

Mr. EARL: The third last page in the book, page 18.

Mr. McNAMARA: Page 18 in the supplementary report.

Mr. EARL: Yes. There are three principal figures comprising this item, (1) differential paid or unloads at the lakehead of off grade and low grade wheat and Durum shipped from Alberta, \$226,000. These are round figures.

Freight differential on wheat shipped to Vancouver from Saskatchewan stations, principally high grade wheat from stations on a differential of three cents per hundred pounds or lower, \$757,000.

Freight that was collected by the board on shipment of wheat from areas favourable to Churchill, \$155,000; and the net of those figures is approximately \$828,000 shown in that statement.

Mr. McINTOSH: I still do not have the item on page 18.

Mr. EARL: The page is not numbered, but it is the third last page.

Mr. McNAMARA: Statement of operations, it is.

Mr. McINTOSH: My question on that then is, this \$828,000 is additional freight that you paid or the board pays for wheat hauled to elevators other than which you wished to haul it to with your division in the freight and so forth?

Mr. McNAMARA: Yes, the division of the freight rates. There are some cases where we have shipped against most advantageous freight rates because of the savings we have made on shipments to Churchill. There are certain areas from which we can ship to Churchill at a saving under those rates, and this figure reflects both transactions.

Mr. McINTOSH: I have a question in regard to a statement or two made in answer to a question by Mr. Forbes in regard to our Japanese market. We have been informed that the Japanese are experimenting with Russian wheat, possibly with an idea of replacing the wheat from Canada; have you any comments to make in this connection?

The CHAIRMAN: I am wondering, Mr. McIntosh, if we could not take that up under the next item, "sales policy".

Mr. McINTOSH: Agreed.

Mr. FORBES: Mr. McNamara referred in his answer a moment ago to domestic wheat; how much wheat do we consume as flour in Canada?

Mr. McNAMARA: 40 million to 45 million bushels. I think the mills are grinding in the neighbourhood of 80 million to 82 million bushels, of which 40 million bushels are being exported and the balance consumed in Canada. The answer would be a rough figure of 40 million bushels.

The CHAIRMAN: Gentlemen, shall we proceed?

Mr. NASSERDEN: Could we have a breakdown of 1,573,000 bushels of wheat or grain.

Mr. McNAMARA: What figure?

Mr. NASSERDEN: 1,573,000; is that overage?

Mr. McNAMARA: Purchased from other than producers?

Mr. NASSERDEN: Yes.

Mr. McNAMARA: Mr. Earl will get that information for you. There was a question asked by Mr. Argue concerning what an increase of one per cent would cost us and Mr. Riddel has that information.

Mr. RIDDEL: Based on the cost shown in these operating statements for the crop years covering the 1957-58 crop, one per cent increase in interest rates would amount to about \$5 million. That is as near as we can figure it.

Mr. ARGUE: You are faced probably with a bigger cost than that.

Mr. RIDDEL: We might be.

Mr. ARGUE: Fleming is too high priced for the farmers at \$5 million.

Mr. KORCHINSKI: Mr. McNamara felt that perhaps there should be one crop year in reserve in order to safeguard our market slump. Would it be preferable to keep this reserve in the country elevators or in terminal spaces? What would your preference be?

Mr. McNAMARA: In seaboard position where it is always available so we can take immediate advantage of any sales that develop. The farther you have it back the longer it takes, to move into position and often the demand is something for spot shipment. It is to our advantage to have it available for spot shipment.

Mr. KORCHINSKI: Does that mean we have not enough terminal capacity?

Mr. McNAMARA: I think you are getting me in away over my depth. I would like to see more terminal capacity on the west coast due to the prevailing conditions. With the additions that are being built in Montreal, I think our capacity is going to be quite adequate because there is a substantial increase in capacity in the St. Lawrence. So far as the winter ports are concerned, I think our capacity is about normal because there is the possibility that this new development in the St. Lawrence at Baie Comeau will become a winter port and may compete with the maritime ports. So I am quite satisfied with the division of our commercial storage at the present time. However, I do think it would be of some advantage to us in selling, if the present trend of ocean rates continue, to have a larger capacity at Vancouver.

Mr. KORCHINSKI: What is your impression of the capacity at Churchill; is it adequate? Do you feel it would be most advantageous to the board to have an extension of the facilities there?

Mr. McNAMARA: I want to make it very clear that I am giving a personal opinion. I want to give you the benefit of that because we are not dealing with the board report and I would not want to commit my colleagues to my personal opinion; but my own feeling is that under the conditions that exist at the present time we have adequate facilities at Churchill to take care of the business. You must realize that the shipping season at Churchill is very short, and while we ship 20 million bushels in that short season, directed almost entirely to the European markets, that is about as much Canadian wheat as can be absorbed in that short period, I am very much afraid if we tried to put 30 million bushels through Churchill in such a short period it would have a detrimental effect on our price structure as a whole, and sales out of Churchill slow down shipments out of Montreal, Quebec and the Pacific coast. So, again speaking personally, and taking into consideration all the factors, I am not advocating to the minister there should be an increase in the facilities at Churchill at the present time.

Mr. KORCHINSKI: Would you suggest there is not any interest on the board to extend the facilities?

Mr. McNAMARA: Not at the present time although conditions can change, because we do find in merchandizing the wheat out of Churchill, if you get one or two heavy cargoes they can have a very definite effect on the price structure of wheat out of other ports. I have been in favour of Churchill all my life, and I still am, but I do think that we in Saskatchewan would be wise not to push it too rapidly at the present time and rather than rush in and try to concentrate too many shipments out of Churchill we should do it as the customers can absorb it. I hope my friends in northern Saskatchewan will forgive me.

Mr. NASSERDEN: A moment ago when I asked a question as to what the effect would be of the increase, it was estimated that it would be \$5 million. I notice, as far as I can figure it out, the total interest rate is \$3,617,000.

Mr. McNAMARA: No, that is exclusive of interest contained in the carrying charges.

Mr. RIDDEL: Taking the supplementary report you will find the total carrying charges on wheat stored in country elevators.

Mr. McNAMARA: What page is that?

Mr. RIDDEL: That is at page 18 of the supplementary report. On wheat stored in country elevators for the year 1957-58 pool, carrying charges amounted to \$39,792,000. That is the amount of the storage rate of 1/30th plus the interest paid to the handling companies. The amount of interest in that total of \$39 million we have calculated as somewhat over \$13 million. You have the \$13 million there and the item of \$4,368,000, which is the net interest paid to agents on agency wheat stocks; and a further item of bank interest, exchange and bank charges of \$3,600,000.

Taking the three items, they total slightly over \$20 million, and these interest charges are based largely on the rate of 4 to 4½ per cent. Making a rough calculation, one per cent interest would come to about a quarter, or \$5 million.

Mr. NASSERDEN: This is not only interest?

Mr. RIDDEL: This is interest and storage.

Mr. NASSERDEN: This is not the interest, but a small part of it?

Mr. RIDDEL: \$13 million of \$39 million is the interest—about one-third of it.

Mr. NASSERDEN: One-third of it?

Mr. RIDDEL: Yes. It is paid on the basis of a rate of 0.04 of a cent, 0.04% or some such fraction of a cent, of which 0.333 would represent 1/30th of one cent per day for the storage, the balance being interest.

The CHAIRMAN: Shall we proceed with sales policy now?

Mr. EARL: The next section is sales policy:

SALES POLICY

Two factors played an important part in the merchandising of western wheat in 1957-58. In the first place the 1957 growing season was such as to produce a wheat crop of high milling quality. The Grain Research Laboratory, Board of Grain Commissioners for Canada, reported as follows:

The mean protein content of the 1957 crop of Hard Red Spring Wheat is 14.0%; this level is 1.6% higher than for last year's survey and 0.5% higher than the long-term average of 13.5%.

Deliveries of wheat from the 1957 western wheat crop improved the quality of export shipments as the crop year progressed and also improved the market opportunity for Canadian flour.

The second factor which had a bearing on 1957-58 sales results was the variety of grades available. In addition to supplies of milling grades of wheat, the Board inventory included moderate supplies of lower grades for which a ready market was found at home and abroad.

Pricing continued to pay an important part in Board sales effort. The policy whereby a buyer could purchase Board wheat either at its daily quoted selling prices or on a deferred price basis remained in effect. Under the latter arrangement a buyer had the right to declare the final price up to eight market days after the date of call on shipment from St. Lawrence or Atlantic ports, and from fifteen to twenty-two market days from date of loading from Pacific Coast ports, depending on the destination of the shipment. A similar policy was applied to Churchill, the buyer having the right to declare the final price up to nine market days after the date of call. If the deferred price basis was selected by the buyer, provision was made for an accounting price to be established at the time of sale but this price could be adjusted finally within the time limits provided for each shipping range.

The Board continued its policy of quoting separate selling prices for wheat basis in store Fort William/Port Arthur, basis in store Pacific Coast ports and basis in store Churchill. This policy was designed to give greater flexibility in Board pricing and had for its objective the making of Board wheat competitive in overseas markets irrespective of the port of shipment.

The crop year 1957-58 was marked by a high degree of stability in Board asking prices. The following table shows monthly average Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur, in store Vancouver, and in store Churchill:

MONTHLY AVERAGE OF BOARD ASKING PRICES I.W.A. AND CLASS II QUOTATIONS
BASIS No. 1 NORTHERN WHEAT

	In Store Fort William/ Port Arthur	In Store Vancouver	In Store Churchill
	(cents per bushel)		
August, 1957.....	161 $\frac{1}{8}$	166 $\frac{5}{8}$	172 $\frac{1}{2}$
September.....	161 $\frac{7}{8}$	170 $\frac{5}{8}$	172 $\frac{7}{8}$
October.....	161 $\frac{1}{8}$	172	172 $\frac{3}{8}$
November.....	160 $\frac{3}{8}$	172	171 $\frac{1}{2}$
December.....	163 $\frac{3}{8}$	175 $\frac{3}{8}$	173
January, 1958.....	165	177	176
February.....	164 $\frac{1}{8}$	176 $\frac{1}{8}$	175 $\frac{1}{8}$
March.....	163 $\frac{3}{8}$	175 $\frac{3}{8}$	174 $\frac{3}{8}$
April.....	162 $\frac{1}{8}$	174 $\frac{1}{8}$	173 $\frac{1}{8}$
May.....	161 $\frac{3}{8}$	173 $\frac{3}{8}$	172 $\frac{3}{8}$
June.....	160 $\frac{3}{8}$	172 $\frac{3}{8}$	171 $\frac{1}{2}$
July.....	163	174	174

Board quotations for No. 1 Northern Wheat moved within a narrow range throughout the crop year 1957-58. The highest price within the crop year for No. 1 Northern Wheat in store the Lakehead was \$1.66 $\frac{1}{8}$, and the lowest price recorded for the same grade of wheat in the same position was \$1.59 $\frac{1}{2}$. Corresponding high asking prices and low asking prices for No. 1 Northern Wheat basis in store Vancouver were \$1.78 $\frac{1}{8}$ and \$1.65 $\frac{5}{8}$. For No. 1 Northern Wheat in store Churchill, the range in Board asking prices was from \$1.77 $\frac{1}{8}$ to \$1.70 $\frac{1}{2}$. In the main, the fluctuations in Board asking prices for No. 1 Northern Wheat reflected changes in the exchange value of the Canadian dollar. During the August-January period the premium on the Canadian dollar declined from a high of 6% in August, 1957 to a low of slightly under 1% in January, 1958. This decline in the value of the Canadian dollar caused a corresponding increase in Board asking prices. During the February-July period the Canadian dollar strengthened on exchange markets, the premium reaching a level of slightly over 4% in July, 1958. This rise in value of the Canadian dollar caused a corresponding downward adjustment in Board asking prices. Late in the crop year Board asking prices increased slightly, independently of the exchange factor.

Board asking prices for wheat in store Vancouver again reflected lower overseas forwarding costs for wheat shipped via Pacific Coast ports as compared with wheat shipped via the Lakehead and St. Lawrence ports. At the start of the crop year Board asking prices for wheat basis No. 1 Northern in store Vancouver were 5 cents per bushel over Board asking prices for the same grade of wheat basis in store Fort William/Port Arthur. During the fall period the difference between the foregoing selling bases increased to 12 cents per bushel and remained at this level until July, 1958.

Board asking prices for No. 1 Northern Wheat basis in store Churchill were 11 cents per bushel higher than Board quotations for wheat in store Fort William/Port Arthur.

During 1956-57 many changes were made in Board selling discounts for grades of wheat other than No. 1 Northern. In the main, these adjustments in selling spreads carried over into the crop year 1957-58 and as a result adjustments in Board selling discounts were more limited in the latter crop year. The main changes in selling discounts in 1957-58 were (1) a widening of the selling discount on No. 3 Northern Wheat

by 1 cent per bushel during the latter part of the crop year, and (2) a slight widening of selling discounts applicable to No. 4 Northern, No. 5 and No. 6 Wheat early in the crop year and a subsequent narrowing of discounts on these grades during the balance of the crop year.

The following table shows discounts under No. 1 Northern for other principal grades of wheat on August 1, 1957 and July 31, 1958 (basis in store Fort William/Port Arthur):

	No. 2 Northern	No. 3 Northern	No. 4 Northern	No. 5 Wheat	No. 6 Wheat
	(cents per bushel)				
August 1, 1957	—4	—11	—23	—38	—43
July 31, 1958	—4	—12	—21	—29	—33

In pricing wheat in store Vancouver slightly narrower selling discounts applied to No. 4 Northern and No. 5 Wheat, while discounts on No. 6 Wheat were somewhat wider than basis in store Fort William/Port Arthur.

The Board continued its export flour adjustment policy throughout the crop year 1957-58. The export flour adjustment rates in effect were 8½ cents per bushel for flour exported from Canadian Atlantic or U.S. Atlantic ports, 10 cents per bushel for flour exported via Canadian Pacific or U.S. Pacific ports and 8 cents per bushel for flour exported from St. Lawrence ports and Churchill. As in the previous crop year the flour adjustment policy did not apply on exports to the United Kingdom, other European countries or the United States. In the opinion of the Board the export flour adjustment policy contributed to increased flour exports during 1957-58. Administration of the flour adjustment policy resulted in the two operating wheat accounts being charged with \$2,272,045.87 between August 1, 1957 and July 31, 1958.

In the foregoing paragraphs the main factors in the Board approach to commercial markets have been outlined. The Board pursued an aggressive sales policy based upon the quality of wheat available in Canada, realistic pricing at all times and other measures to facilitate sales. As a result the Board obtained a satisfactory share of wheat imports of recognized commercial markets.

Coincident with the crop year 1957-58, the Government of Canada enlarged its assistance to Colombo Plan countries, and in particular to India, Pakistan and Ceylon. In so doing the Government made a noteworthy contribution to the marketing operations of the Board during the period under review. As a result of the arrangements made, India and Pakistan acquired a total of 27.5 million bushels of wheat and Ceylon acquired 2.6 million bushels of wheat in the form of flour. This movement not only increased Board sales and exports but also was reflected in a corresponding increase in producers' marketings of grain within the crop year.

In implementing this programme of assistance to Colombo Plan countries, \$10 million were made available from Colombo Plan appropriations for the purchase of wheat or flour. In addition, the Government recognized the urgent food problems of these three Commonwealth countries through a gift of \$15 million. These funds were used to supply wheat to India and Pakistan and flour to Ceylon. Of very great importance was the provision of a long-term loan made available to recipient Colombo Plan countries for the purchase of wheat or flour. Under this loan arrangement India acquired wheat to the value of \$24,180,650.00. In addition to assistance to Colombo Plan countries, the Government provided \$1.5 million to purchase flour for the United Nations Relief Works Agency for Palestine Refugees.

The arrangements referred to above not only added materially to Board sales in 1957-58 but provided an important element of continuity in sales and shipments.

SALES—1957-58

During the crop year 1957-58 Board sales of wheat were as follows:

	Total Sales (bushels)
Domestic sales	77,117,225.2
Export sales at Class II prices	242,287,002.5
Export sales under the terms of the International Wheat Agreement	80,034,328.5
Weight losses in transit and in drying	8,117.9
TOTAL	399,446,674.1

Board sales of wheat during the crop year 1957-58 amounted to 399,446,674.1 bushels, of which 230,756,812.2 bushels were applied to the 1956-57 Pool Account and 168,689,861.9 bushels were applied to the 1957-58 Pool Account.

EXPORTS

The following table shows exports of wheat (including flour) by months for the crop year 1957-58: *

	Million bushels	
August, 1957	27.4	
September	24.2	
October	21.4	
November	31.2	
December	23.1	
January, 1958	22.0	149.3
February	21.3	
March	23.3	
April	26.8	
May	39.0	
June	30.8	
July	25.6	166.8
TOTAL	316.1	

Wheat exports, including flour, amounted to 316.1 million bushels in the crop year 1957-58 as compared with exports of 261.7 million bushels in 1956-57.

The export movement of wheat was well distributed throughout the crop year. Exports of 316.1 million bushels were the largest since the crop year 1952-53.

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat.

EXPORTS OF WHEAT AND WHEAT FLOUR*

CROP YEARS 1957-58 AND 1956-57

Continental Areas and Countries

	Crop Year 1957-58			Crop Year 1956-57 Total
	Wheat	Flour (Wheat Equivalent)	Total	
	(bushels)			
EUROPE:				
United Kingdom.....	90,325,520	13,735,048	104,060,568	90,435,518
Germany.....	29,736,006	—	29,736,006	36,290,971
Netherlands.....	21,730,881	2,576	21,733,457	11,193,629
U.S.S.R.....	14,833,328	—	14,833,328	—
Belgium.....	12,820,424	342,252	13,162,676	16,586,771
Switzerland.....	9,672,754	—	9,672,754	10,754,443
Norway.....	3,541,171	—	3,541,171	3,602,797
Austria.....	2,153,570	—	2,153,570	2,126,693
Ireland.....	1,910,721	805	1,911,526	2,641,469
Malta.....	1,527,307	—	1,527,307	1,550,267
Poland.....	1,443,680	—	1,443,680	9,523,546
Italy.....	1,002,338	2,042	1,004,380	2,417,961
Denmark.....	275,948	2,760	278,708	364,644
Gibraltar.....	—	45,620	45,620	89,270
Portugal.....	—	44,316	44,316	53,417
Greece.....	—	26,020	26,020	1,824
Iceland.....	—	16,100	16,100	9,343
Sweden.....	9,333	1,012	10,345	7,296
France.....	—	—	—	4,024,686
Yugoslavia.....	—	—	—	2,702
TOTAL.....	190,982,981	14,218,551	205,201,532	191,677,247
ASIA AND OCEANIA:				
Japan.....	37,993,945	727,182	38,721,127	35,100,604
India.....	23,774,946	20,355	23,795,301	—
Philippine Islands.....	367	4,860,709	4,861,076	5,353,108
China.....	3,774,027	12,880	3,786,907	—
Pakistan.....	3,525,915	518	3,526,433	978,689
Ceylon.....	—	2,519,682	2,519,682	440,496
Australia.....	1,490,534	—	1,490,534	—
Israel.....	1,463,840	—	1,463,840	1,668,800
Lebanon.....	—	754,476	754,476	254,744
Hong Kong.....	153,400	520,099	673,499	848,183
Malaya and Singapore.....	—	392,831	392,831	401,416
Thailand.....	—	355,203	355,203	408,232
Okinawa.....	233,333	—	233,333	189,243
Portuguese Asia.....	—	122,944	122,944	205,854
French Oceania.....	—	32,299	32,299	31,825
Arabia.....	—	28,288	28,288	48,107
Fiji.....	—	10,511	10,511	—
Cyprus.....	—	—	—	371,000
Guam.....	—	—	—	17,135
Other Countries.....	—	8,054	8,054	1,512
TOTAL.....	72,410,307	10,366,031	82,776,338	46,318,948

	Crop Year 1957-58			Crop Year
	Wheat	Flour (Wheat Equivalent)	Total	1956-57 Total
	(bushels)			
CENTRAL AMERICA AND THE CARIBBEAN AREA:				
Jamaica.....	2,687	1,622,519	1,625,386	1,406,325
Trinidad and Tobago.....	—	1,586,728	1,586,728	1,463,196
Leeward and Windward Islands.....	—	1,068,116	1,068,116	915,747
Dominican Republic.....	—	698,128	698,128	390,110
Cuba.....	1,000	604,863	605,863	242,800
Costa Rica.....	16,667	500,055	516,722	475,530
Guatemala.....	166,727	307,492	474,219	240,558
Haiti.....	—	455,664	455,664	246,976
Barbados.....	2,500	333,265	335,765	244,980
Bahamas.....	—	277,736	277,736	244,311
Nicaragua.....	—	271,563	271,563	257,841
Panama.....	—	254,897	254,897	209,703
El Salvador.....	30,283	166,147	196,430	313,044
Netherlands Antilles.....	—	173,340	173,340	142,614
Bermuda.....	—	96,340	96,340	112,318
Honduras.....	32,666	62,705	95,371	65,357
British Honduras.....	—	14,875	14,875	17,358
Other Countries.....	—	17,289	17,289	21,509
TOTAL.....	252,710	8,511,722	8,764,432	7,010,277
SOUTH AMERICA:				
Venezuela.....	982,031	3,385,796	4,367,827	2,959,963
Peru.....	2,696,960	37,964	2,734,924	2,830,210
Ecuador.....	401,856	2,084	403,940	322,446
British Guiana.....	—	305,353	305,353	216,069
Colombia.....	183,727	75,090	258,817	115,962
Surinam.....	—	129,394	129,394	165,266
Chile.....	—	23,000	23,000	—
Other Countries.....	—	—	—	115
TOTAL.....	4,264,574	3,958,681	8,223,255	6,610,031
AFRICA:				
Ghana.....	—	502,944	502,944	716,409
Rhodesia.....	486,453	11,479	497,932	308,818
Belgian Congo.....	—	404,002	404,002	336,237
Egypt.....	—	248,273	248,273	—
Sierra Leone.....	—	236,686	236,686	215,733
Portuguese East Africa.....	129,546	4,099	133,645	207,389
Nigeria.....	—	55,924	55,924	242,310
Portuguese West Africa.....	—	40,643	40,643	34,252
Azores and Madeira.....	—	25,482	25,482	19,883
British South Africa.....	—	—	—	473,872
Other British West Africa..	—	—	—	19,320
Morocco.....	—	—	—	15,433
Liberia.....	—	—	—	11,868
Gambia.....	—	—	—	9,248
Other Countries.....	—	19,318	19,318	3,758
TOTAL.....	615,999	1,548,850	2,164,849	2,614,530
NORTH AMERICA:				
United States				
Milling in Bond.....	1,795,924	—	1,795,924	1,114,084
Domestic Use.....	5,370,162	—	5,370,162	4,757,417
Flour.....	—	1,754,028	1,745,028	1,676,608
Other Countries.....	—	22,975	22,975	17,583
TOTAL.....	7,166,086	1,777,003	8,943,089	7,565,692
GRAND TOTAL.....	275,692,657	40,380,838	316,073,495	261,796,725

*Source: Board of Grain Commissioners for Canada. Includes Exports of Ontario Winter Wheat.

Mr. FORBES: May I ask a question: how do you explain this flour adjustment policy? Does that mean that you sell flour to the mills at $8\frac{1}{2}$ cents a bushel less than the market price?

Mr. McNAMARA: Yes. It means that in certain markets to merchandise flour in competition with other suppliers, primarily the United States of America, we have to accept a lower price for our wheat in the form of flour. We sell it to the mills at the regular price, but if the flour is exported to these countries, the flour adjustment is allowed. Some people refer to it as a subsidy to the mills, but I do not consider it as such. I consider it a two-price system. The effect is to meet competition of the American mills who enjoy a double subsidy from the American government on flour sales, to aid the sale of flour in those markets at prices lower than we could obtain if we sold it in the form of wheat to other countries.

Mr. FORBES: This only applies to export flour?

Mr. McNAMARA: That is right.

The CHAIRMAN: May we take the following text as read?

Mr. ARGUE: We are still on sales?

The CHAIRMAN: Yes.

Mr. ARGUE: It is now 10 o'clock.

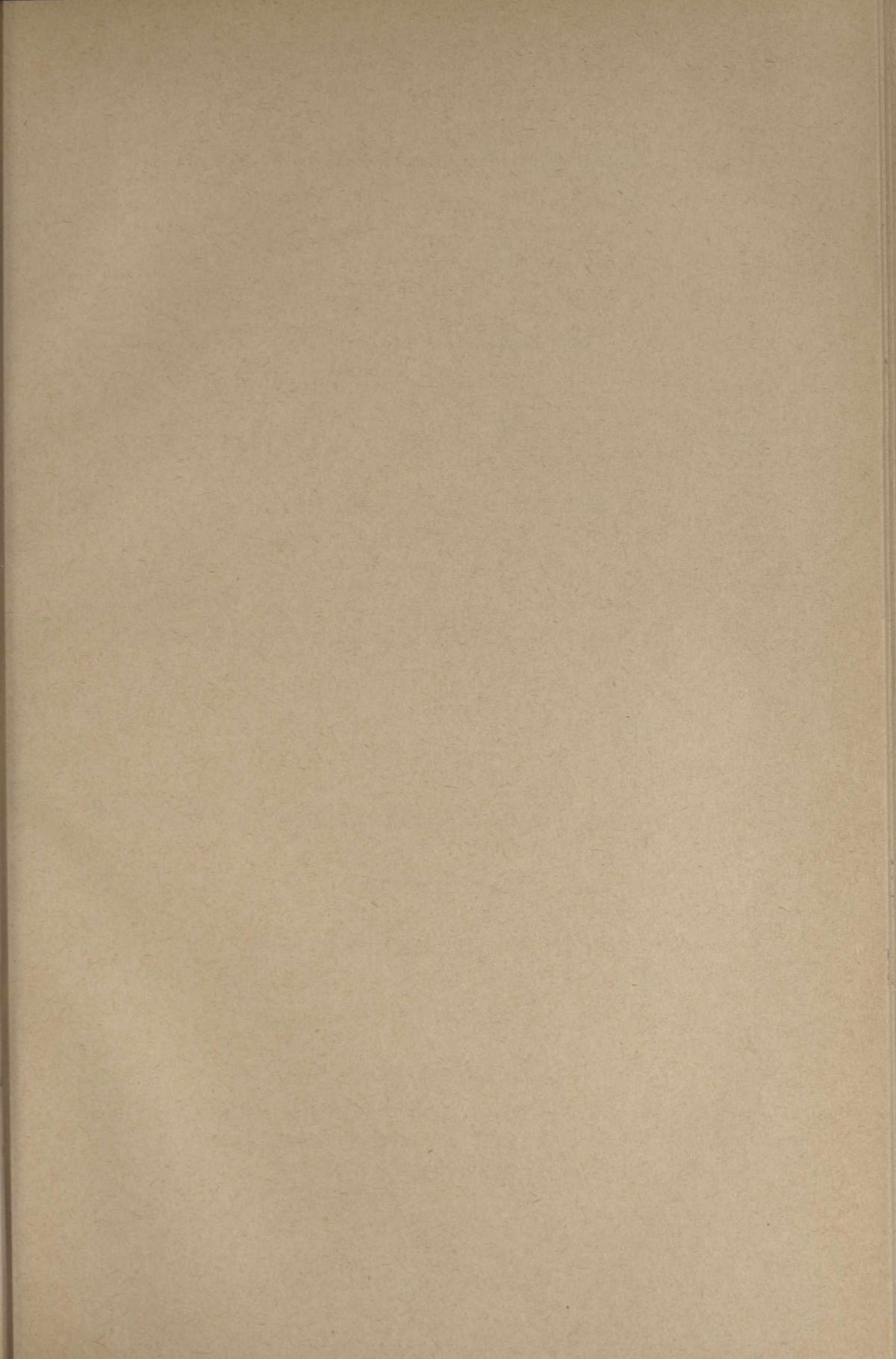
The CHAIRMAN: Will somebody move the adjournment?

Mr. KORCHINSKI: I move we adjourn.

Mr. HORNER (*Jasper Edison*): I second the motion.

The CHAIRMAN: It has been moved and seconded that we adjourn. Is it agreed? Agreed. We shall meet to-morrow at 3 p.m.

The committee adjourned.



HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

Report of the Canadian Wheat Board for Crop Year 1957-58

WEDNESDAY, JUNE 24, 1959



WITNESSES:

Hon. Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. Riddel, Assistant Chief Commissioner; J. T. Dallas, Commissioner; and C. E. G. Earl, Comptroller.

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,

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

and Messrs.

Argue,
Barrington,
Boivin,
Boulanger,
Brunsdon,
Cadieu,
Campbell (*Lambton-
Kent*),
Casselman (Mrs.),
Charlton,
Cooper,
Crestohl,
Doucett,
Dubois,
Dupuis,
Fane,
Fleming (*Okanagan-
Revelstoke*),
Forbes,
Godin,
Gundlock,

Hales,
Hardie,
Henderson,
Hicks,
Horner (*Acadia*),
Horner (*Jasper-Edson*),
Howe,
Jorgenson,
Kindt,
Korchinski,
Lahayé,
Latour,
Leduc,
Létourneau,
McBain,
McIlraith,
McIntosh,
McMillan,
Michaud,
Milligan,
Muir (*Lisgar*),

Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Robinson,
Rompré,
Rowe,
Smith (*Lincoln*),
Southam,
Speakman,
Stanton,
Thomas,
Tucker,
Villeneuve.

M. Slack,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 24, 1959.

(14)

The Standing Committee on Agriculture and Colonization met at 3.00 p.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Boulanger, Cooper, Dubois, Fane, Forbes, Hales, Henderson, Horner (*Acadia*), Horner (*Jasper-Edson*), Korchinski, McBain, McIntosh, Milligan, Muir (*Lisgar*), Nasserden, Pascoe, Rapp, Rompré, Southam, Stanton, Thomas. (22)

In attendance: Honourable Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. Riddel, Assistant Chief Commissioner; W. E. Robertson, Commissioner; J. T. Dallas, Commissioner; C. E. G. Earl, Comptroller; and C. B. Davidson, Executive Assistant.

The Committee resumed consideration of the Report of the Canadian Wheat Board for the Crop Year 1957-58.

The Chairman called on the Minister of Trade and Commerce, Hon. Gordon Churchill, who expressed his appreciation of the work performed by the Canadian Wheat Board. Messrs. Argue and Boulanger also paid tribute to the services rendered by the Canadian Wheat Board.

Section 7 of the Report, 1957-58 Pool Account—Wheat, was approved.

Agreed,—That Mr. Woolliams, who is not a member of the Committee, be permitted to question Mr. McNamara.

On the suggestion of Mr. McNamara, it was agreed to proceed to the consideration of the Supplementary Report of the Canadian Wheat Board.

The following Sections of the Supplementary Report were approved:

1. Receipts and Disposition—1957-58 Pool Account—Wheat
2. 1957-58 Pool Account—Wheat
3. Application of the Temporary Wheat Reserves Act
4. Surplus for Distribution to Producers
5. Comments on the 1957-58 Pool Account—Wheat
6. Realized Prices

On Section 7, Board Quoted Prices—1957-58 Pool, Mr. Riddel read two documents dealing with the impact of the St. Lawrence Seaway on wheat marketing, and he and Mr. Dallas were questioned.

The following additional Sections of the Supplementary Report were approved:

7. Board Quoted Prices—1957-58 Pool
 8. Exports
 9. General Comment
- and 1957-58 Pool Accounts—Oats.

At 6 p.m., the Committee adjourned until 9.30 a.m. Thursday, June 25.

M. Slack,
Clerk of the Committee.

EVIDENCE

WEDNESDAY, June 24, 1959.

3 p.m.

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

The minister has a few remarks to make before we proceed with the report of the wheat board and I will call upon him at this time.

Hon. GORDON CHURCHILL (*Minister of Trade and Commerce*): Mr. Chairman, I would be grateful to the committee if they would give me five minutes of their time in order to say a few words. I have to go back to the house and stand by for the estimates of Trade and Commerce, which may be up at any moment, as they are just about finished with the Department of Justice. I will be engaged there all day tomorrow and, therefore, I will not have the opportunity of meeting with you further.

After two years of having worked with the Canadian wheat board, I would just like to say that I have found the work extraordinarily interesting and I have found nothing but the greatest cooperation from its members. I hope you will not interpret anything I say in the next few minutes as restricting you in the questions you may put here today or tomorrow. You can grill them all you like. This is your opportunity to get information you need.

Again I would like to express my appreciation for the work the wheat board has been doing. I have had the opportunity and privilege of travelling with members of the wheat board in Europe twice during the last two years. With them, I have met our customers over there, in England, Holland, Belgium and West Germany, and I have met the representatives of the wheat board who are stationed overseas. Those representatives, together with the representatives of Trade and Commerce who are over in those countries, along with the members of the wheat board, have established the finest of personal relations with our customers in the countries I have mentioned. I think that that in part accounts for the success which has attended the efforts of the wheat board in disposing of our grain during the last few years. I recognize it is an extraordinarily difficult task.

We face keen competition elsewhere in the world. The policy pursued by the board is one of keeping in close contact daily with the grain trade and maintaining our essential markets in the United Kingdom and in western Europe where over 60 per cent of our exports of wheat go. That is all to the good and I hope that the wheat board will continue their efforts and that their efforts do not cease. There is no relaxation on their part; one crop year ends and they start immediately on the next one. There is no cessation at all in their activities. I think they have done a creditable job and they deserve our thanks. I personally offer my thanks to them now for the work they have done since the time I have had the responsibility of reporting to parliament for the wheat board. In the face of all the troubles that beset us,—the surplus position of wheat in the world, the difficulty of storage, box cars, and all the things that you can think of,—the wheat board has carried on and retained the confidence of the farmers of western Canada. Granted, there are difficulties from week to week, but there again I have found in writing to the wheat board with regard to difficulties affecting individual farmers that they are very, very prompt in assessing and solving these difficulties, if at all possible.

There are people in Canada who are critical of the wheat board operations, but no one has suggested a suitable change. Under present conditions of world trade I think that this method of dealing with our exports of wheat is satisfactory under the circumstances.

In the course of its investigation this year, I hope the committee will reach the same conclusion that I have, that things are going as well as can be expected under the difficulties that confront the grain trade world-wide.

The same is true of the board of grain commissioners, with whom you will be meeting soon. I was impressed overseas with the emphasis that was placed by our customers on the maintenance of the standard of Canadian wheat, and I asked buyers in the countries that I have mentioned why they put so much confidence in Canadian wheat. They told me it was based on the standards that have been set in this country and which have been maintained, without variation, over the years. When they see the certificate final in connection with a shipment, they know what they are getting. They told me that is not true of other countries which export wheat; but when it comes to Canadian standards they know precisely what they are getting when they receive notice of a shipment.

Now, that is a credit to the board of grain commissioners and their method of operating. So all told, although you may find difficulty here and there, as a general view and a general picture, I think with our Canadian wheat board and the board of grain commissioners we are doing everything that is reasonably possible to maintain Canada's position as a great world trader in wheat. Basically, of course, our advantage lies in the fact that Canadian wheat is wheat of premium quality.

In speaking to our customers overseas, they did not query the matter of price, although I asked them about that. On both occasions when I was overseas they said: "Stability is what we hope for in regard to the wheat trade. We have enough trouble with the changes which occur in ocean freight rates, and if there were constant sharp and sudden changes in the price of the product we would have a much more difficult time than we are having at the present."

I just wanted to give you that information from my own personal experience. I have been in very close contact with the wheat board in my two years. The first act I undertook after being sworn into office was to fly out to Winnipeg to meet with the wheat board there, in their offices. We established a relationship then which has been maintained and strengthened during the succeeding months. I hope that relationship continues.

I will close simply by saying that I trust the committee will perform its proper task in searching into all the intricacies of the wheat board and the board of grain commissioners. By and large I think you will agree with me that their operations are quite successful.

Mr. ARGUE: Mr. Chairman, if I might, I would like to have the right to say a few words. Remarks of this kind are made customarily, I would say, after the wheat board has completed its testimony before the committee. The minister has stated, quite properly, that because of his duties in the house he will have to leave us. Since he has made this kind of a statement, which is usually made after the reports are completed, I would like to agree in general with the tribute which he has paid to the Canadian wheat board.

I do not think that anyone who knows the actual grain situation on the prairies, and who is thinking of the grain producers, could fail to recognize the fact and come to the certain conclusion that the Canadian wheat board, both in principle as an organization and in the members of the board and the officers of the board, has the complete confidence of the producers in western Canada.

I have had the privilege—I almost hate to remember over how many years—of having been on this committee when the Canadian wheat board has appeared before us. While I have not always seen eye to eye with the board on the details on some of the things they have done, I take off my hat to the board, both its previous and its present officers, for the tremendous job they have done on behalf of the grain producers of western Canada under very difficult circumstances.

I did not bring this out, but only yesterday in going through the report, I noticed there is a figure which shows that the administrative cost of the board itself was less than half a cent a bushel. That is the price that the grain producers of western Canada are paying to have the board control the examination, the shipping, the storing in large part and the sale of the Canadian wheat.

In the light of the present world situation, in the light particularly of the tremendous supplies in the United States, the board itself is a very stabilizing factor in the grain position. Without the board the price to the grain producer undoubtedly would be lower.

Another great advantage which I see in having the wheat board in its present position is the very fact that it is able to come before this committee, and very properly so. If we were dealing with the private grain trade in general or the grain exchange as an instrument for selling our grain, we would not have that privilege of having those private bodies before a public committee to report to us in respect of the business they were doing on behalf of the grain producers of western Canada.

We have other difficulties in other aspects of the agricultural industry. I am fully convinced in my own mind that if we were so foolish as to remove the Canadian wheat board as an instrument in the marketing of Canadian grain we would not only have an immediate collapse in grain prices, but we would also have contract farming in the production of grain and would soon destroy the family farm as we know it today.

There are certain problems that I feel must yet be dealt with and solved. We may have some further discussion of this particular question as the sessions of the committee go on, and that is, of course, a new formula for the allocation of box cars in such a way as to give the producers a genuine right to deliver, a real right to deliver their grain to the elevator of their choice.

The second thing that we have had under consideration—as the board realizes, it is a problem and they have reasons why these things now exist, but there is a need, on the basis of a quota, to provide for a more equitable and more equal grain delivery, particularly at the end of the crop year so that within the crop year, producers in general will have had the same opportunity to market their grain.

The third question, which is not one for the Canadian Wheat Board as such, but which has been alluded to as a method of putting into effect government policy from time to time, is the need in the eyes of western grain producers to provide some system of deficiency payments, some system of income supports so that the grain producers may enjoy a standard of living more in keeping with the general standard of living in this country.

I want to tell the Minister of Trade and Commerce that I am grateful, speaking for the C.C.F. party, to have heard the forthright statement that he has now made in support of the Canadian Wheat Board. He has made it at frequent times. He repeated the statement, as did his predecessor in that office, the Right Honourable C. D. Howe, with whom we locked horns many times, but who again, as members of the committee know, was a staunch supporter of the Canadian Wheat Board system of marketing grain.

Mr. Chairman, this is, as far as the Prairie members are concerned at any rate, a non-controversial question, because the Canadian Wheat Board and the principle of marketing grain for which it stands is something that enjoys the support of western producers of all political parties.

Mr. BOULANGER: Mr. Chairman, in regard to the minister's remarks— may I speak in French? Do we have a French reporter?

The CHAIRMAN: No.

Mr. BOULANGER: Very well, I shall try to speak in English, but please excuse my difficulties. I would, like the Minister of Trade and Commerce and Mr. Argue, congratulate the wheat board for the work they have done in presenting their report. If Mr. C. D. Howe and Mr. Gardiner were here, I know that they would say the same thing that I say, and they would offer their congratulations as well. We are grateful for what you have done and we hope we shall have the same report next year and in the years ahead. Thank you very much.

Mr. McINTOSH: May I interject in regard to what the minister said, that I hope the Wheat Board did not get the impression that we, as members of this committee, were grilling them, or that they were on trial of any kind. I hope we did not convey that impression to them. After all, we are representatives of the farmers and we are seeking information. So if we get over zealous in our presentation of questions, it is because we are vitally concerned with the problems which arise here in relation to this board. A large majority of our problems do stem from grain.

Mr. CHURCHILL: You may do what you like with the wheat board because Mr. McNamara comes from the Saskatchewan wheat pool, and when I go out there they put me on the stand for three solid hours and question me.

The CHAIRMAN: I believe we left off last evening at page 14. I shall ask Mr. Earl to continue from there.

Mr. GORDON EARL (*Comptroller, Canadian Wheat Board*):

Exports of wheat and flour to the United Kingdom in 1957-58 amounted to 104.1 million bushels as compared with 90.4 million bushels in the previous crop year. As far as Canadian export trade was concerned, exports to the United Kingdom represented about one-half of total exports to the European area, including the U.S.S.R.

Dealing with Continental Europe, their large 1957 wheat crop should be recognized. For example, larger wheat crops were harvested in Germany, The Netherlands, Switzerland, Belgium and Ireland, and as a result the import requirements of these countries were lower than in the previous crop year. However, the Canadian percentage of actual imports of these countries increased in 1957-58. Exports to Western Germany amounted to 29.7 million bushels as compared with 36.3 million bushels in 1956-57. Exports to Switzerland were 9.7 million bushels as compared with 10.8 million bushels in the previous crop year. Exports to Belgium were 13.2 million bushels as compared with 16.6 million bushels in 1956-57. Exports to Ireland were 1.9 million bushels as compared with 2.6 million bushels in the previous year. Exports to The Netherlands increased sharply to 21.7 million bushels as compared with 11.2 million bushels in 1956-57. The increase was due to the Board being in a position during the crop year to offer The Netherlands substantial quantities of No. 5 Wheat. Exports were well maintained to Norway, Austria, Malta and other European destinations.

The U.S.S.R. purchased 14.8 million bushels of wheat from Canada in accordance with the Canadian-U.S.S.R. Agreement.

Exports to Poland declined from the level of recent years, amounting to 1.4 million bushels. France harvested a bumper wheat crop in 1957 and resumed her position as an exporting country.

Exports of wheat and wheat flour to Asia amounted to 82.8 million bushels as compared with 46.3 million bushels in the previous crop year. Asia represents the area of the largest increase in exports of wheat and flour in 1957-58. The important increase occurred in the case of Colombo Plan countries of India, Pakistan and Ceylon which received major assistance from Canada during the crop year as previously outlined in this report.

In commercial markets of Asia results were gratifying in 1957-58. Exports to Japan amounted to 38.7 million bushels as compared with 35.1 million bushels in the previous crop year. Early in 1958 Mainland China made inquiries for Canadian wheat and before the end of the crop year purchased 3.8 million bushels for shipment through Pacific Coast ports.

Owing to a poor harvest in 1957-58, Australia purchased 1.5 million bushels of wheat from Canada to supplement home requirements. Exports were well maintained to the Philippines, Israel, Hong Kong and Malaya. Increased exports of flour to Lebanon reflected Canadian assistance for Palestine refugees.

Exports to South American countries increased moderately during the crop year, amounting to 8.2 million bushels as compared with 6.6 million bushels. The increase was mainly in Venezuela and was in the form of wheat for the expanded milling industry in that market. Exports were well maintained to Peru and Ecuador.

Exports to Central America and the Caribbean Area are largely in the form of flour and showed a moderate increase in 1957-58.

Exports to Africa included 486,453 bushels of wheat to Rhodesia and 129,546 bushels of wheat to Portuguese East Africa. Remaining exports to Africa consisted mainly of wheat flour the largest markets being Ghana, the Belgian Congo and Sierra Leone. Egypt also purchased the equivalent of 248,273 bushels of wheat flour.

United States imports of Canadian wheat for consumption (milling grades of wheat imported under the annual quota and feeding grades of wheat designated as unfit for human consumption) amounted to 5.4 million bushels as compared with 4.8 million bushels in the previous crop year. Exports of wheat for milling in bond and for re-export were 1.8 million bushels as compared with 1.1 million bushels. Flour exports were the equivalent of 1.8 million bushels; fractionally larger than in the previous crop year.

The CHAIRMAN: Gentlemen, any comments?

Mr. ARGUE: Mr. Chairman, on this item, which has been called the sales policy, I wonder if the board would care to comment on how Canada sees the international wheat situation at the present time, with particular reference to the possibility, if there is any, of the Soviet Union coming into the wheat export picture in a large way. We see from time to time very large figures as to the increase in wheat acreage in that country, and the suggestion that with their general program of an expansion in the field of trade, that they may become a very important factor in the wheat export situation.

There is the related factor, of course, as to whether Canada can continue to supply wheat to the Soviet Union as a customer. I would appreciate any comments the chairman and the board might be able to make on that subject.

Mr. W. C. McNAMARA (*Chief Commissioner, The Canadian Wheat Board*): Mr. Chairman and gentlemen, I will deal first, very briefly, with the situation regarding the U.S.S.R., as I view it.

You will appreciate that it is difficult to get reliable information from the Russians, not only as to their production but also as to their markets, their marketing or their future intentions. But we have had contact with them, not only related to the sales that we have recently completed for shipment during the current crop year, but also through private discussions I have had with the head of their marketing agency, Exportkleb, who represented them as an observer at one of the recent meetings of the international wheat conference in Geneva.

There is no doubt that Russian wheat production is increasing, and will continue to increase. They are also supplying in the way of exports much larger quantities than previously to eastern European countries, including some of the Middle East countries, Egypt and that area—some of which I think we might call political wheat exports. More recently they have entered into the western markets, but so far to a limited degree. They sold wheat to France during the past 12 months, and a considerable volume of Russian wheat has been merchandized in the low countries, particularly Holland. But to an extent sales to Holland have replaced the sales of Canadian wheat that we enjoyed in the past year that we have now under consideration—which were largely sales of our No. 5 wheat. The quantities of No. 5 wheat that we had available, the increase in the price level as compared with the basic grades, that we put into effect were a factor. But the Russians were in a position to supply wheat of a quality similar to that which satisfied the people of Holland. Limited quantities have been sold in the United Kingdom; but that has not been a major factor so far as the market is concerned and—as Mr. Argue says—from the reports, and no doubt they are correct, they are working with the Japanese. Some trial shipments have been made to Japan.

The reports we have seen indicate that the quality of the wheat the Russians have supplied to Japan was relatively satisfactory, although not equal to our No. 2 or No. 3 northern, but more similar to the filler wheats they have been taking from America and Australia. But there is always this potential threat from Russia. I think they have sufficient wheat on hand that if, at any time for particular reasons they wanted to pull the string, they could do so. Then I would think price would be no objective and would be no factor in their decision. But—speaking very personally—I am not unduly alarmed by that possibility in the near future.

We found them very easy to get along with. Once we make a contract with them, there is no question about its being honoured. But they give no indication to me that they are trying to raid our commercial markets, following the practice they have done in some of the other commodities recently. So I am quite hopeful—although it is something we are going to have to watch—that our main commercial customers at the present time, like the United Kingdom market, seem to be well satisfied with the way we are handling our wheat with our quality goods and—as the minister said—with our price levels; and they do not indicate that they have any intention of making a major switch. So I am hopeful, although it is always a problem, that it is not going to be as serious as some people have indicated it might be.

Mr. ARGUE: When the Russians are selling wheat in the export market, do they usually, or always follow a cash basis, or is it an exchange of goods?

Mr. McNAMARA: So far it has been cash, I understand; and they seem to be using our prices as a basis for their selling levels.

Mr. ARGUE: I am interested in the influence that the Canadian Wheat Board has on American prices, and on U.S.S.R. prices. I think it is all to the good. I wonder if I might be able to ask a complementary question as to

whether this means—since Russia is entering into the world wheat picture to a greater extent than she has previously—this makes it less likely for Canada to maintain her substantial sales to the U.S.S.R.; or might she continue to purchase Canadian wheat for the need to get special grades, or perhaps even for political considerations, or others?

Mr. McNAMARA: Well, the Russians still have to procure from us 200,000 tons to complete the last of the previous trade agreement, which was 400,000 tons a year for three years. They have picked up the first half of it, and we have been hoping that they would pick up the second half in time for shipment prior to July 31, so it would get into the current year's records. I am not too hopeful—in view of recent developments—that it will be possible for them to arrange for their freights and to pick it up prior to July 31. But I am very confident—and, as a matter of fact, there is no doubt in my mind at all—that they will pick up the balance of this commitment. It is just a question of their port facilities and when their ships are able to take delivery from us.

If we do not get it in July, I think we will get it in August or September.

Mr. ARGUE: The actual agreement itself has run out?

Mr. McNAMARA: Yes.

Mr. ARGUE: But the commitment is still there?

Mr. McNAMARA: That is right. With regard to the future, as you know there are negotiations going on between the governments as to the extension of the trade agreement. We are not part of those negotiations, so I am not in a position to comment on them, except that I feel there is more than a distinct possibility that Russia will continue to look to Canada for a certain percentage of her wheat requirements.

I know that when I was in Moscow they pointed out to me that, just on the basis of transportation, it was good sense to take Canadian wheat from Vancouver into Vladivostok, rather than transport it all across the northern part of Russia, even though it meant at the same time they were exporting over the Baltic to western European countries. They like the quality of our wheat. They have been taking No. 4, some No. 3, but mostly No. 4, and I am hopeful—regardless of the outcome of these particular negotiations—that we can look to Russia, probably not for a guaranteed quantity, but for a continuous market.

Mr. SOUTHAM: As a supplementary question on Russian competition: how, in general, do the Russian grades of wheat compare with Canadian grades, as far as a competitive factor in the world market is concerned?

Mr. McNAMARA: Their grading system is not as well defined as ours. They have different types of wheat in Russia. Some of their wheat has not met with too much favour by some of the market buyers. They have what is called bug damage in it, and the buyers like to take out a sample and make sure they are not getting wheat affected by this bug damage. But they have some good wheats in Russia that compare quite favourably with our best wheats. But usually that is not the type of wheat they are exporting; it is more the filler type of wheat, similar to our No. 4 or No. 5.

Mr. SOUTHAM: That would follow up your suggestion, I think: they are not in a position to be too big a factor in the world markets, on the basis of grades?

Mr. McNAMARA: No, not with Canadian quality wheats; I think it will be more in the filler markets that they will be more of a factor—unless they decide to change their policy and export some of their good wheats. And they have some good wheats.

Mr. KORCHINSKI: What is your position with regard to exports to China now, or in the immediate future?

Mr. McNAMARA: We sold some wheat to China during the 1957-58 crop year. As the committee is aware, we have had no follow-up at all from the Chinese. From crop information that has been made available—if you can believe their statistics—it would indicate that they had a record crop and they now claim that for the time being, at least, they are self-sufficient. We have met them indirectly. Mr. Dallas was the last member of the board in that part of the world and he met with their people in Hong Kong a little while ago—China Resources, they call the agency that procures for them. They did not give Mr. Dallas any encouragement at all that they would be in the market for future supplies in the near future. They did, I think, indicate that they were well satisfied with our quality wheats, and the board is still very interested in the potential of that market.

Six hundred and sixty million people—when they start eating a slice of Canadian bread, it will solve our problems pretty fast. I am hopeful that they will be a market for wheat. As soon as trading relations with that area improves, I am hopeful we can build up a steady market for quality wheat in the Shanghai area, something like that. But I am not in a position to give the committee any prospects of immediate sales in that area—for the time being, at least. These floods they are encountering now could change that picture pretty rapidly.

Mr. KORCHINSKI: Mr. Chairman, I wonder if we could not get a list prepared, listing the countries as to grades they purchase and the amounts they purchase in each grade—as an appendix to the proceedings?

Mr. McNAMARA: There is a publication put out by the Board of Grain Commissioners—I do not happen to have one with me—that shows the shipments by grade to the various destinations. That is right, Mr. Davidson, is it not? As a matter of fact, I just sent mine away; somebody in Japan wanted similar information, and I just mailed mine to the Japanese Food Agency. But we will arrange to get a copy of that for you.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would like to ask Mr. McNamara a question—at the same time suggesting that he could, perhaps, answer these questions sitting down. I do not think it would be quite so tiring for him if, during the day, he does not have to pump up and down.

Could we expect any substantial increase in exports, provided we had increased export credit facilities available?

Mr. McNAMARA: This, again, is a question of opinion and judgment. I doubt it very much. I reported to the committee last year that, while I think it is necessary that we do have facilities for extending credit or having credit arrangements made with certain of the importing countries, we have not found, from the sales we have made to these countries, that it is the solid, substantial way to do commercial business in wheat. It is not like capital goods—wheat is consumed immediately—and we found some of the people who have bought from us on credit, their first approach is to have that credit extended, or better terms arranged—they go to somebody else who will give them longer terms of credit. As a result of that we recommend to the government—and the government has seen fit to adopt our recommendation—that in offering wheat for sale under the provisions of the export credit, the terms should be no better than what we call the Polish terms, which are the latest terms granted to Poland and generally speaking, in accordance with the last arrangements made with them this spring for the sale of 150,000 tons of wheat and 100,000 tons of barley, under the provisions of export credit. They probably will agree that that period of time is long enough.

Of course, whether you could get 40-year credit, like Brazil got from the United States—we want no part of that—and let somebody else pay for it. But, generally speaking, I do not think we are losing business now by not having further credit facilities.

Mr. ARGUE: Is this a three-year credit?

Mr. McNAMARA: Yes, it is a three-year credit.

Mr. McINTOSH: Mr. McNamara is still standing, Mr. Chairman. Under the sales policy column here that we are discussing it says that two factors played a very important part in merchandizing your grain, and the second factor was the variety of grades available.

Have you had trouble in getting certain grades through the years? What grade is in short supply, if any?

Mr. McNAMARA: In this particular crop year the point was that we had the full range of grades. We had a limited quantity of No. 1 northern; we had No. 2, No. 3, No. 4, No. 5 and No. 6. We developed a market in Holland for the No. 5—they took 22 million bushels—and practically all our No. 6 went into the United States under their “Unfit for human consumption” ad valorem duty, on which there is no quota restriction.

This year we are running out of these low grades. For example, our sales to Holland will be put in half, mainly due to the fact that we have not had the volume of No. 5 wheat to supply that market that we had in the previous year. For a quality country—I am not suggesting I would like to see the producers produce some low grade wheat; but it is a fact that at certain times, having all the grades as we had in 1957-58 helps us to meet all market requirements.

Mr. McINTOSH: There will not be any question of down grading, as far as buyers are concerned?

Mr. McNAMARA: No; unfortunately, we have no control over that.

Mr. McINTOSH: My next question is with reference to the next page, where you make reference to:

Administration of the flour adjustment policy resulted in the two operating wheat accounts being charged with so and so. What do you mean by the “two operating wheat accounts”?

Mr. McNAMARA: During this period under review, of course, the 1956-57 pool account was open, and it was closed on May 9 and then the 1957-58 pool took it over on a transfer. But it is the two pool accounts, the amount delivered to the 1956-57 pool account and to the 1957-58 pool account.

Mr. RAPP: During the crop year 1957-58 there was a decline in our exports. Has that carried on into the 1958-59 crop, or has it regained its balance?

Mr. McNAMARA: I am going to ask to stand up to answer this one. There was no decline in 1957-58. We exported—

Mr. RAPP: No; I mean, to the different countries here.

Mr. McNAMARA: The situation changes in various markets, and that is always accounted for in any year, due to your commercial supply position. But, dealing with the current position, although we are not examining the current crop year, I think I should make some comments about our marketing efforts in that regard, because this pool account was not closed until May 15 this year.

Our commercial sales to most markets have held up remarkably well. We have been very pleased—particularly in the first 8 or 9 months of the crop year—with our success in our commercial markets and, of course, we have been helped by the government in the wheat and flour that they made available under the Colombo Plan votes.

There have been developments, such as I referred to in Holland, where our sales are going to be substantially lower. On the other hand, there has been some favourable development, such as South Africa, which is in the market; and I was very pleased to note that as soon as they found out they wanted to import wheat, the first people they got in touch with was the Canadian Wheat Board. We arranged a contract with them for the major portion of their requirements. They ordered a little token quantity from the United States and a little token quantity from Australia.

That increase offset, to some degree, the losses that we suffered in some of the other markets, like the Dutch market. Another factor this year is that the Argentine and Australia both are entering into the export field to a much larger degree than they were in 1957-58. Australia was really not a factor. We sold wheat to some of their normal, traditional markets that year; in fact, we sold a limited quantity to Australia. Australia was not as competitive, due to supplies, in 1957-58 as they are this year.

The position, in so far as the United States is concerned—with by far the largest supplies on record; and in recent weeks they have become much more aggressive and some of the activities, particularly the renewal of barter trading that was pretty well stopped in 1957-58, are being developed again, and we are feeling now very serious pressure in the market by the increased activity of the American disposal agencies.

This has been particularly true in so far as feeding grains are concerned. They have shown a limited amount of restraint in the commercial markets in so far as wheat is concerned, and generally they have not tried to destroy the price structure that has been worked out with them over the years. We have had no understanding with them with regard to feed grains, although we have discussed it with them, and in recent weeks—particularly with feeding barleys—and due to barter transactions that they have authorized into markets such as the United Kingdom—our traditional markets—they have not only demoralized our commercial markets, but they have demoralized all their own commercial marketing activities, and we are finding it practically impossible to sell feed barley any place in the world today.

We view this situation with a great deal of alarm, and although discussions are taking place with Washington—and I think they should continue to take place—with the hope of working with these people, these new discussions are related to food for peace only in so far as wheat is concerned; and while I am hopeful we will be able to come to some better understanding with the Americans with regard to the criteria they are using with barter transactions, we have had no similar assurance with regard to feed grain.

This might indicate to the committee one of the problems: with barter they are supposed to satisfy this requirement before they authorize a barter transaction, that the grain so delivered will be additional to normal commercial requirements, and when we found that they had authorized a barter transaction of barley to the United Kingdom, we approached them to find out why there was this additionality. We were just thunder struck to be told that they had checked our sales records and shipments to the United Kingdom and found out we were a little ahead this year of what we were last year, and therefore barley going to the United Kingdom could be classed as additionality. That is a pretty difficult criteria to follow.

I would like to read to the committee a short paragraph out of a letter put out by one of our grain-handling organizations, to explain to you the view of our trade regarding the position of markets at the present time. This is a weekly letter that this organization puts out. The paragraph I refer to reads:

A particularly sharp contrast is apparent in the selling policies of the two countries—Canada and the United States. It is sufficient to say that the U.S.A. has lost practically all consciousness of price, which is

extremely unsettling to commercial interests. Canada is particularly hard-hit in wheat and barley, but the level of all U.S. subsidy payments and the terms of barter arrangements are a positive shock—even to people inured to governmental extravagance. There is a word for it all which we hesitate to use—and so leave it as a little guessing game for our readers!

It is not only what the Americans are doing, but it is the publicity and the apprehension that is abroad at the present time that is hurting our current position, because buyers are very reluctant at this time to make commitments; there is the feeling the market is demoralized. It is, "Let us wait and see if the Americans are going to follow the criteria or come up with something even more generous in the future"—and this is going to have the effect that we are not going to achieve the objective that we set for the board.

I am not suggesting to you that this year we are not going to have a good year; we are going to have an excellent commercial market year. It will not be as high as the objective of 300 million bushels, but it is going to be very close to it. I will not say I am pessimistic: we in Saskatchewan can never be pessimistic; but I am going into a new crop year in August with some apprehension as to the problems we are going to be confronted with in the next 12 months.

Mr. ARGUE: The Americans are exchanging barley with Britain on a barter basis: what are they taking?

Mr. McNAMARA: It is tied up with strategic materials. In regard to these countries, the Americans will authorize the importation of strategic materials that they would not otherwise be allowed to import, and they take grain for them, and they make quite a profit on the deal. There is no relationship between the price at which they would normally sell that grain. These countries who have these strategic materials are usually anxious to dispose of them and they allow a wide margin of profit.

Mr. ARGUE: Military materials?

Mr. McNAMARA: That is right.

Mr. HORNER (*Acadia*): Mr. Chairman, I have a question with regard to sales policy, export and pricing grades. It has been my belief for quite some time—and I think a great many farmers also think so—that they have not been receiving money that should be theirs. They are deprived of this through the system of upgrading—and there was evidence here that there was upgrading with regard to tough grain. I think there is upgrading when you refer to grades from one grade to another. Looking at last year's committee report, I notice that under the section grade pattern, .43 per cent was No. 1 wheat, 16 per cent No. 2, 25 per cent No. 3. Going on a little further in the same committee report last year, and looking at overseas exports of Canadian grain by seaboard sectors, a total of 222 million bushels was exported, 6,737,000 bushels were graded No. 1. That is 3 per cent of our exports were graded No. 1 and sold No. 1. Eighty-one million and some bushels were sold as No. 2—were exported as No. 2 wheat. That is, roughly 35 per cent or 36 per cent of our exported wheat was sold as No. 2 wheat.

Looking at the same table, for No. 3 wheat over 61 million bushels were sold as No. 3 wheat. That is, 25 per cent of our total exports. You combine those three grades, No. 1, No. 2 and No. 3—the three top grades of our wheat—and you get 60 per cent at least.

Sixty per cent of our wheat exports in this crop year, 1956-57, graded No. 3 or better, but of the wheat purchased by elevator agents only 40 per cent was graded No. 3 or better. It seems to me someone is upgrading that grain, either the elevator company or the wheat board, and the farmer is not getting the

proper grades for his grain when he sells it. There is an upgrading process there and it is sold at a better grade than it is bought at. I believe that and I would like evidence, if there is any such evidence, to disprove this belief, or substantiate it.

Mr. McNAMARA: I would like to remind the committee, as I did before, that the wheat board has no jurisdiction over grading; it is under the control of the board of grain commissioners and your suggestion that the wheat board is upgrading has no foundation.

Mr. HORNER (*Acadia*): I am saying someone is.

Mr. McNAMARA: I think you mentioned the wheat board.

Mr. HORNER (*Acadia*): I may have mentioned it or the agents of the wheat board, the elevator companies.

Mr. McNAMARA: Yes.

Mr. HORNER (*Acadia*): I do not think for one minute that the grades of wheat grown in western Canada have deteriorated that amount in quality since 1952. The last year I sold No. 1 wheat was in 1947 and I think that is true in the case of a great many farmers. As the wheat board is our selling agent, I think it should take note as to how they are selling our wheat, at what grades they are buying and selling it.

The CHAIRMAN: I think, Mr. Horner, you should take that up with the board of grain commissioners.

Mr. HORNER (*Acadia*): I think it applies here because they are our buying and selling agents.

Mr. ARGUE: Is it not a fact that if this is being done—and I am not saying it is not—it is an illegal act which contravenes the Canada Grain Act which is administered by the board of grain commissioners and about which the wheat board has nothing to do.

Mr. McNAMARA: It is all covered by a grade placed on it by an inspector. The elevator companies that take the wheat from the producers are operating under the provisions of the Canada Grain Act and we are not involved in it except to sell their wheat. I should point out that you cannot take the producers receipts and say we are exporting more No. 1 northern than we picked up from the producers because we have been carrying over large supplies from previous years.

Mr. HORNER (*Acadia*): In 1956-57—and this is a rough figure—3 per cent was sold as No. 1 northern; and I do not know of any year since 1952-53 that we had any more than 5 per cent.

The CHAIRMAN: I think, Mr. Horner, that this is a question we will have to bring up when the board of grain commissioners is before us. Shall we proceed, gentlemen?

Mr. RAPP: Mr. Chairman, Mr. McNamara likely has heard about this self-imposed restriction by Japan in the importation of textiles to Canada; will that result in Japan buying less wheat from us? Will that effect our exports of wheat to Japan?

Mr. McNAMARA: It could. We are enjoying a very good year with Japan. I believe our exports to Japan during the current crop year will be the largest on record. But to be fair in answering your question, I admit that in talking to the Japanese buyers I note they are talking more and more about the restraint which has been placed on their sales into Canada. They are quite conscious of the balance of trade between the two countries. If they are as successful as they have been in merchandising their goods, it could be that we might find it more difficult.

Mr. RAPP: Of course, they are self-imposed.

Mr. ARGUE: No, but they did not increase the tariffs last year.

Mr. McNAMARA: That is a common problem concerning all our markets because in most of our markets we are selling more than we are buying.

Mr. HORNER (*Acadia*): In connection with Nos. 4 and 5 wheat, I believe there is only a difference of three or four cents in the selling price, and yet when the wheat board purchases Nos. 4 and 5 wheat from the farmer there is a difference in the purchasing price of closer to 15 and 17 cents. Could you explain that to us?

Mr. McNAMARA: We will deal just with No. 4 wheat. I am now referring to page 4 of the supplementary report. In the initial payment price you will notice there is a difference of 15 cents a bushel between No. 4 and No. 1, whereas on the final realized price the difference is 22 cents or 23 cents a bushel. In other words, we were not able to sell the No. 4 wheat at a spread of just 15 cents under No. 1 northern; This is the wheat which is in competition with filler wheats, and we are forced to widen out the discount in order to merchandise that grade. On the other hand, a few years ago we were buying No. 5 wheat at 32 cents under the grade and a few years ago we were forced in order to merchandise that No. 5 wheat to widen that spread. But now that we have a more limited supply of No. 5 wheat, it has been possible for us to narrow the spread, bringing it almost up to the No. 4 level. So the fact is that we have had to widen the spread in connection with No. 4 wheat in order to sell it, but this year it is possible to narrow it and that accounts for the narrow spread. So far as the farmer is concerned, he gets in his interim and final price the exact difference in spread for which we were able to merchandise it. In the case of No. 1 northern, he had the realized price of \$1.62; No. 4 wheat, \$1.39; No. 5, \$1.32, so that the producer gets the price in relation to the other grade, as we realize it.

Mr. HORNER (*Acadia*): I realize that, but I have had farmers come to me with this question of why No. 5 sells so low, and yet the selling price of the wheat board is only about three or four cents below No. 4. You cannot price No. 5 until the final payment comes out. They were quite concerned as to why they should take a 17-cent drop immediately when the sale price between the two grades was such a small amount.

Mr. McNAMARA: In setting the initial payment prices we try to set them as early as we can so the farmer can get a return and until you know the volume of the particular grade and what the marketing prospect is, the spread is quite conservative. The reverse has been true with No. 4 northern. We should have widened the initial price, instead of paying 15 cents under. We should have widened it two years ago. We were planning on doing it last summer but it appeared we were not going to have much No. 4.

Mr. RAPP: Would the manufacturing of small cars in our country eventually have a deterrent effect on our best two grain buyers? I am thinking of Germany. Would that have any effect on our exports? That is a personal question.

Mr. McNAMARA: I cannot give an opinion on that. I have some views. I would like to see the people buying more Volkswagens and less Cadillacs because we are selling our wheat to Germany and not the United States.

Mr. RAPP: But it will affect these two countries.

Mr. ARGUE: You should have a talk with the Prime Minister.

Mr. NASSERDEN: Would you care to tell us whether or not you think that if the Canadian government would take foreign currency, the local currency in some of these countries in exchange for wheat, that it would help the marketing to any extent?

Mr. McNAMARA: I do not think so, and so far as the Canadian Wheat Board is concerned we do not want it. We want Canadian dollars with which to pay the Canadian farmers.

Mr. ARGUE: If the Canadian government accepted the currency and gave you good hard dollars, there would be no objection to that.

Mr. McNAMARA: No, as long as we got the good hard dollars.

Mr. HORNER (*Acadia*): I would like to ask a question with regard to the export of flour. In what do the farmers take a subsidization on the export of flour? There has been a great deal of commotion in connection with this. I know that flour is exported in competition with exports from the United States. This exported flour from the United States is subsidized and I am told we are selling flour at a subsidized price, but the mills get it and not the farmers. Would you explain that?

Mr. McNAMARA: That is substantially correct although I would not agree that we are subsidizing the mills. Briefly, the situation is this. As you know, the Americans are subsidizing all their grain exports but they have a double subsidy on flour; in other words, where wheat is exported from the United States in the form of flour, there is a larger subsidy than if it was shipped in the form of wheat. Although we have discussed this problem with the Americans and asked them to remove the second subsidy on flour, they have refused to do so. As a result, we were confronted with the problem that if we wanted to merchandise wheat in the form of flour in these markets we would have to sell it to meet the American competition. We authorized our mills to sell wheat in the form of flour at a lower price and this export flour adjustment is really a rebate which we give them. We sell at the regular price but if it goes to a certain market they sell at a cheaper rate and we give them a rebate. That has cost the producers in our pool about \$2,200,000. It is not a subsidy to the mills because they only get it subject to its being exported to certain markets.

Mr. HORNER (*Acadia*): But you say it only cost the producers \$2 million.

Mr. McNAMARA: It is set out at page 10. The figure is \$2,272,045.87 between August 1, 1957 and July 31, 1958.

Mr. WOOLLIAMS: I am not a member of the committee, but may I put a question?

The CHAIRMAN: Is it agreed, gentlemen?

Agreed.

Mr. WOOLLIAMS: My question relates to the Canadian mill buyer. Is it correct that the Canadian buyers of the mills themselves endeavour to demand wheat from certain sections of Saskatchewan or Alberta which is higher in protein and will produce better flour?

Mr. McNAMARA: Yes, the mills that are located in western Canada within our area, due to their geographical location, do have some advantage in selecting protein in certain areas; and to the extent that the better quality wheat is confined at certain stations, they take delivery of that wheat. It does tend temporarily to improve the marketing conditions at that point. Now, in recent years on account of the fact that we had very low protein or low quality wheat we did allow the mills for a period to do some bidding at the Lakehead. The wheat was moved to eastern mills for export into these markets. However, we have discontinued that practice and there is no special selection allowed of Canadian wheat, except the mill that happens to be located in the designated area.

Mr. HORNER (*Acadia*): I have a question in connection with mills. What price do they pay for wheat to make flour in western Canada?

Mr. McNAMARA: We have only one price. They all pay the same price per grade.

Mr. HORNER (*Acadia*): We pay "less freight" Fort William.

Mr. McNAMARA: Yes.

Mr. MCINTOSH: I would like to ask if the international wheat agreement or the general agreement on tariffs and trade has had a bearing on your asking price; also, if there is this GATT, how can the American operate under a subsidy? Is not the subsidy which the Americans give the farmers above the grade price?

Mr. McNAMARA: I am not an expert in connection with GATT, but my understanding is that the Americans have never recognized the treaty and they have an escape clause which allows them to subsidize without it being a violation. The international wheat agreement has no direct bearing except at the times when prices get to the minimum or the maximum.

The CHAIRMAN: Gentlemen, shall we proceed to "wheat exports by ports"?

Mr. EARL:

WHEAT EXPORTS BY PORTS*

Exports of wheat (including Ontario Winter Wheat) through Eastern Canadian ports for 1957-58 amounted to 120.4 million bushels, of which 92.1 million bushels were shipped through St. Lawrence ports. Shipments through Atlantic winter ports were 28.3 million bushels. Pacific Coast clearances of wheat amounted to a record 129.7 million bushels during 1957-58, and a record shipping programme was also established at Churchill with clearances reaching 18.4 million bushels. Shipments of wheat and flour to the United States for consumption amounted to 7.2 million bushels.

The annual reports covering Board operations for the past three crop years have reviewed in general terms the United States surplus disposal programmes. These programmes were continued during 1957-58 under increased appropriations by the United States Congress.

Surplus agricultural commodities, including grains, are disposed of in export markets under three types of programmes:

(1) *Disposal of Grains for Local Currencies:*

Title I—Public Law 480 and Section 402 of Public Law 665. Under these laws surplus agricultural commodities are sold abroad for the currency of the importing country, and the funds so acquired are utilized by the United States in that country for market development, purchase of strategic materials, military procurement, purchase of goods for other countries under mutual assistance programmes, grants for multi-lateral trade and economic development, loans for economic development within recipient countries and international educational exchange.

An amendment to Public Law 480 on June 30, 1958 authorized the use of foreign currencies to finance scientific activities. In some instances sales under those programmes have involved credit arrangements up to forty years, with the bulk of the funds left with the contracting government for economic development in that country.

From the inception of the programme in July, 1954 to the beginning of the 1957-58 crop year, a total of \$3 billion had been appropriated by Congress for activities under Title I of Public Law 480. A further \$1 billion was appropriated for use during 1957-58 and virtually all of this amount was allocated under contracts signed with

*Source: Board of Grain Commissioners for Canada.
21537-6-2½

foreign governments. As at June 30, 1958, 135 agreements had been entered into with 37 countries. Of the countries receiving surplus agricultural commodities, 27 obtained wheat and/or flour, and 15 obtained various feed grains.

From July, 1954 to date 616 million bushels of wheat or flour and 162 million bushels of feed grains have been disposed of. The recipient countries were: Austria, Bolivia, Brazil, Ceylon, Chile, China (Taiwan), Colombia, Ecuador, Egypt, Finland, Greece, Iceland, India, Indonesia, Iran, Israel, Italy, Japan, Korea, Mexico, Pakistan, Paraguay, Peru, Poland, Portugal, Spain, Turkey and Yugoslavia.

During the crop year 1957-58, 179 million bushels of wheat or flour were exported under Title I of Public Law 480. Congress has approved a further \$2.25 billion to continue the programme to December 31, 1959.

Sales for local currencies under the provisions of Section 402 of Public Law 665 amounted to \$43 million for food grains and feed grains during 1957-58. A minimum appropriation of 250 million annually is earmarked for surplus disposal activities under this legislation. In general, the foreign currencies are utilized for the same purposes as under Title I of Public Law 480. The commodity details of sales made under the programme are not available by country and, consequently, the amount of grain disposal in specific countries is not known.

(2) *Disposal of Grains for Famine and Disaster Relief:*

Title II—Public Law 480. Under this disposal plan surplus agricultural commodities are donated to relieve famine and disaster.

During 1957-58 a further appropriation of \$300 million was granted, bringing the total funds appropriated to \$800 million. Included in the programme is a provision whereby ocean freight costs may be paid on government shipments and on donation of surplus foods through voluntary agencies and inter-governmental organizations in the United States. Wheat and flour donations during the 1957-58 crop year amounted to \$43 million exclusive of transportation costs, and feed grain donations totalled \$19 million. Donations of cereals have been made to the following 29 countries: Austria, Czechoslovakia, Germany (Federal Republic), Germany (Soviet Occupied), Hungary, Italy, Yugoslavia, Libya, Morocco, Tunisia, Afghanistan, Ceylon, India, Iran, Jordan, Lebanon, Nepal, Pakistan, Turkey, Japan, Viet Nam, Bolivia, British Honduras, Costa Rica, Guatemala, Haiti, Honduras, Mexico and Peru.

(3) *Disposal of Grains under Barter Arrangements:*

Title III—Public Law 480. Under this law surplus agricultural commodities may be exchanged for strategic materials entailing less risk of loss through deterioration, or substantially less storage costs; or materials, goods or equipment required in connection with foreign economic and military aid and assistance; or materials or equipment required for off-shore construction.

During 1957-58 a total of 10 million bushels of wheat and 16 million bushels of feed grains were exported from the United States under this programme.

Under the original programme barter contracts provided for the delivery of specified materials to the Commodity Credit Corporation with payment in surplus agricultural commodities which were exported by the contractor. The origin of materials and the destination of agricultural commodities were limited to friendly countries but were not required to be identical.

In May, 1957 the American administration revised its regulations with respect to the barter programme in order to tighten control over barter contracts and insure that each contract resulted in a net increase in exports of agricultural commodities involved. As a result the barter programme of the 1957-58 crop year was reduced considerably from the extensive programme of the previous crop year.

Under these revised regulations the contracting countries were separated into two groups:

- (a) Countries where United States commercial trade in wheat, feed grains or cotton is negligible, and where shipments of these products under the barter programme could be assumed to represent additional marketings;
- (b) Countries considered to be dollar markets for the United States agricultural products, to which shipments under barter contracts could be made only if such shipments represented net additions to United States exports. A written statement to this effect had to be submitted to the Commodity Credit Corporation by a responsible official of the importing country before a contract was validated. The Commodity Credit Corporation had to be fully assured that export under the programme did not, in fact, displace normal commercial marketings of the United States.

In November, 1958, the barter programme was again revised and barter contractors are no longer required to obtain certificates of additionality in the form of written statements by responsible officials of importing countries that the commodities to be imported be a net addition to United States exports to the recipient countries.

To expedite barter transactions three classifications of acceptable barter outlets for agricultural commodities have been set up. These classifications are designated as "A", "B" and "C". Each designation involves a combination of an importing country and a specified agricultural commodity or group of commodities. An "A" designation indicates a higher potential as a dollar market for a specific agricultural commodity than a "B" designation, and a "B" higher than a "C".

Barter contracts involving either an "A" or "B" commodity-country designation may be either "bilateral" or "multilateral" but not "open end". A "bilateral" contract is one under which the agricultural commodity moves to the same country from which the material comes. Under a "multilateral" contract the material may come from a country other than the one to which the agricultural commodity moves, but the importation of the material must be tied directly to the agricultural export through auxiliary transactions involving named third countries. Barter contracts involving only "C" commodity-country designations may be "open end"; that is, the commodity to be exported and the country of destination need not be named in advance, and the material to be imported may be from any source country in the free world.

Other general barter requirements are applicable to the modified barter programme. These include, among others, customary barter contract provisions prohibiting the trans-shipment of the agricultural commodities from the approved import destinations, the posting of letters of credit for commodities received in advance of delivery of bartered materials, payment of interest on the value of such commodities, and shipment of at least fifty per cent of the materials involved in privately-owned United States flag vessels.

A total of 49 countries have received surplus agricultural commodities under this programme, but the details by country of destination have not been made public.

UTILIZATION OF SPECIAL ACCOUNT

Section 29A of the Canadian Wheat Board Act provides that unclaimed balances in the hands of the Board which are six years old or more may, with the approval of Governor in Council, be transferred to a Special Account. The Act specifically sets forth that these funds shall be used "for such purposes as the Governor in Council upon the recommendation of the Board may deem to be for the benefit of producers."

From funds derived from the Special Account the Board continued its policy of providing the opportunity for missions from important grain importing countries to visit Canada. The purpose of these missions is to enable visitors to see at first hand the methods employed in the production, handling, storing, milling and processing, and merchandising of western grain. Provision is made whereby visiting missions can inspect the Canadian elevator system and, particularly, the movement of western grain to seaboard and port facilities available in Canada. Members of missions may also explore special fields in connection with the marketing of Canadian wheat and wheat products.

During 1958 four missions came to Canada under this programme. The missions were from:

- (1) *Japan*—Representing the baking industry of that country.
- (2) *Scotland*—Representing the Scottish Co-operative Wholesale Society Limited, Glasgow.
- (3) *Germany*—Consisting of cereal chemists from important German flour mills and a representative of the Ministry of Food, Agriculture and Forestry.
- (4) *Switzerland*—Representing the Swiss Federal Cereals Administration.

In arranging programmes for visiting missions, the grain trade in Winnipeg and elsewhere, and other interests in Canada, co-operated generously. The Board would like to acknowledge the assistance of the following organizations in connection with the 1958 missions: the Board of Grain Commissioners for Canada, including the Grain Inspection Branch and the Research Laboratory; the Dominion Laboratory of Plant Pathology, Winnipeg; the Dominion Laboratory of Cereal Breeding, Winnipeg; the Plant Products Division, Production Services, Department of Agriculture, Winnipeg; the Experimental Farm Services, Department of Agriculture, Ottawa; the Department of Trade and Commerce, Ottawa; the National Harbours Board, Montreal and Churchill; the Provincial Wheat Pools in Calgary, Regina and Winnipeg; the United Grain Growers Limited, Winnipeg; the milling and baking industries; and the Canadian grain trade throughout Canada.

During 1957-58 the Board was authorized to pay certain administrative and legal expenses pursuant to the Prairie Grain Advance Payments Act from funds of the Special Account.

Mr. HORNER (*Acadia*): I have a question under "sales promotion".

The CHAIRMAN: That is the next subject, Mr. Horner.

Mr. MUIR (*Lisgar*): Do you find that these missions which have come to Canada have been of benefit?

Mr. McNAMARA: Very, very definitely. I sometimes think in July they are a little bit of a nuisance because they are all coming at the same time, but in the fall when you are trying to sell your wheat and you meet friends who

have become friends when they were in Canada it has proved a great benefit to us. This is one of the best programs we have adopted in sales promotional work.

Mr. MUIR (*Lisgar*): It would be your intention to carry this type of thing on?

Mr. McNAMARA: Yes. Other missions have arranged already to visit Canada this summer.

Mr. HENDERSON: How much money is there in the unclaimed balance special account?

Mr. EARL: As of July 31, 1958, \$609,327.67.

The CHAIRMAN: Shall we proceed now, gentlemen, to "sales promotion"?

Mr. EARL:

SALES PROMOTION

Early in 1957-58 the Honourable Gordon Churchill, Minister of Trade and Commerce, accompanied by Board representatives, carried out a sales mission to the United Kingdom and principal importing markets of Western Europe.

Members and officials of the Board maintained close contact with overseas wheat and flour markets. During the crop year members and officers of the Board visited the United Kingdom, The Netherlands, Belgium, France, Germany, Switzerland, Poland, Czechoslovakia, Ireland, Portugal, Spain, Denmark, Finland, Sweden, Norway, Italy, Austria, Japan, Hong Kong and the Philippines.

With the co-operation of the Department of Trade and Commerce, a mission representing the Department, the flour milling industry and the Board visited the West Indies and the Caribbean Area in the interests of increasing flour sales. In addition to the West Indies and British Guiana, the mission visited Venezuela, Haiti and Cuba.

The London and Rotterdam offices of the Board maintained close liaison with importing countries in Western Europe.

The Canadian Wheat Board film continued to circulate in most importing countries. The film is available in the French, German, Portuguese, Italian, Polish and Japanese languages. A version of the film in the Dutch language was authorized during the year.

In the marketing of wheat and other grains the Board wishes to acknowledge the co-operation which it received from grain shippers and exporters, and the Canadian milling industry.

The Board also wishes to acknowledge the assistance which it received throughout the crop year from the Grain Division, Department of Trade and Commerce, and the Canadian Trade Commissioners' Service, at Ottawa. These agencies were very helpful in facilitating the marketing of Canadian wheat and flour.

Mr. HORNER (*Acadia*): My question has to do with sales promotion within Canada. I do not know if this is the proper time to bring it up, but I do not know where else I can do it. If I am wrong in doing so you can rule me out of order. My question refers to the number of violations, whether the wheat board made any gain or were the persons fined just the amount of the costs?

Mr. McNAMARA: Are you talking of sales promotion or quota regulations?

Mr. HORNER (*Acadia*): Violations of your sales policy within Canada.

Mr. McNAMARA: I do not understand it. Do you mean related to sales policy?

Mr. HORNER (*Acadia*): They said it was the sales policy within Canada.

Mr. McNAMARA: They were probably speaking about the same thing. You mean producers who have violated the quota regulations and have been prosecuted by the board.

Mr. HORNER (*Acadia*): Have violated the regulations prohibiting them from transporting grain from one province to another. I wonder how many prosecutions there were last year and whether the amounts involved in the prosecution covered only the court costs or whether the wheat board made any money on the prosecution.

Mr. McNAMARA: We do not make any money. We lay the charge and it is up to the courts. The fines become the property of the courts. We do not make any revenue. On page 24 there is a reference to this:

During the crop year, 194 individuals were prosecuted in connection with breaches of the act and regulations as compared with 402 individuals prosecuted during the 1956-1957 crop year.

Mr. KORCHINSKI: Under the heading sales promotion, I notice you have contacts with the overseas markets. Would you explain what are the functions of the officials overseas. Do they just maintain an office and wait for customers to come in or do they actually go out and attempt to sell it?

Mr. McNAMARA: We maintain an office in London as well as in Rotterdam. Neither of those offices, however, are engaged in direct selling activities. It is promotional work. They visit the mills and the buyers keeping them informed of the Canadian developments. Practically all our sales now are handled by the Canadian grain trade, the shippers and exporters, who act as agents for the Canadian wheat board. Our officers try to avoid getting into competition with the particular firms. They do provide information to the customers abroad and cooperate with the shippers and exporters in developing sales. We do not make any direct sales at all through these facilities. They are very helpful to us. There is no conflict of interest at all.

Mr. KORCHINSKI: In other words you have no men of your own out in the field right now?

Mr. McNAMARA: No; we use the facilities of the Canadian grain trade in their capacity as agents of the board. A Canadian firm which is an agent of the board has various connections all over the world. The relationship between the board and the trade is excellent. We are very appreciative of the assistance they are rendering to us in promoting sales.

Mr. KORCHINSKI: Do you not feel that these officers could sometimes be more helpful in promoting sales?

Mr. McNAMARA: Helpful in promotional work but not in making sales. If we were to put our own salesmen in the field in competition with the local trade, I think it would work in reverse.

Mr. KORCHINSKI: I do not mean salesmen, exactly, but more or less persons who would promote the sales.

Mr. McNAMARA: That is what the members of the board and our officials do on these visits to which we referred. I have been over in most of these countries. Mr. Riddel and other members have visited most of them for that express purpose.

Mr. KORCHINSKI: How often are these countries visited?

Mr. McNAMARA: There is no set pattern. In the United Kingdom and western European countries there are commissioners of the board there probably two or three times in the year; but there is no set pattern. Mr. Lawrie in our London office is employed in those duties all the time as well as Mr. Boxer in Rotterdam.

Mr. SOUTHAM: I think it is pretty well understood that our Prime Minister in his trip around the world was not only cementing good public relations but was also, I think, attempting to stimulate trade. Have there been any tangible results so far from that trip; has there been any indication that it might increase sales?

Mr. McNAMARA: I think all the activities of Canadian government officials in improving Canada's relations have an indirect benefit to the board; but we have also had direct benefit as a result of the gifts under the Colombo plan in particular areas. We have advantage as a result of that in completing sales.

The CHAIRMAN: We are at item 8.

Mr. McNAMARA: I would like to suggest to the committee that when we get to the pool accounts, the balance of the main report and the financial statement, it might be advisable to switch over to the supplementary report where we are dealing with the final result of the pool account.

Mr. FORBES: I have a question I should have asked yesterday in respect of the available storage in country elevators. In figuring up the total storage and working space, it appears there is storage space for approximately 70 million bushels. I am wondering if the wheat board propose to give producers the opportunity of using that extra space at the present time.

Mr. McNAMARA: We are looking up some figures to show you the storage position in country elevators. In so far as the space is concerned, as I explained yesterday, it is the hope of the board to have the quotas of a general level of seven and eight. When we get up to eight, which is the highest we can forecast, we will be able to authorize additional deliveries of eight at any point. We are hoping there will not be surplus space at any time. Our idea is to utilize all the space. Generally speaking, we will stop at eight and going into the new year will start a new quota at that time.

I now have the figures.

The CHAIRMAN: Is it agreeable that we have these figures placed on the record?

Agreed.

Estimated Seasonal Working Capacity	Visible June 10/59	Indicated Eff. Space Available June 10/59
39.9	35.1	4.8
164.2	149.1	15.1
107.5	96.3	11.2
<hr/> 311.6	<hr/> 280.5	<hr/> 31.1

The CHAIRMAN: Gentlemen, we will proceed with the supplementary report of the Canadian wheat board. We will start at items 1 and 2.

Mr. EARL: 1957-58 Pool Account—Wheat.

1. Receipts and Disposition

RECEIPTS

Receipts of wheat in the 1957-58 Pool were 514,545,786.1 bushels.* This total included 376,861,133.5 bushels delivered by producers between August 1, 1957 and July 31, 1958; an additional 1,945,403.5 bushels acquired from other than producers; and 135,739,249.1 bushels transferred from the 1956-57 Pool to the 1957-58 Pool as at May 9, 1958.

*Total receipts were adjusted upward by 365,771.3 bushels as compared with receipts shown on Page 7 of the Annual Report of The Canadian Wheat Board for 1957-58.

STANDING COMMITTEE

DISPOSITION OF STOCKS

The disposition of stocks of wheat in the 1957-58 Pool, including completed sales, weight losses in transit and in drying, and stocks transferred from the 1957-58 Pool to the 1958-59 Pool as at May 15, 1959, is shown in the following table:

	Bushels
Domestic sales	72,359,655.5
Export sales on a Class II basis	210,953,725.3
Export sales under the terms of the International Wheat Agreement	91,404,681.8
Weight losses in transit and in drying	62,936.1
	<hr/>
	374,781,008.7
Transfer to the 1958-59 Pool Account—	
Wheat	139,764,777.4
	<hr/>
Total	<u>514,545,786.1</u>

Export and domestic sales (including weight losses) from the 1957-58 Pool amounted to 374,781,008.7 bushels. Of these export sales, 91,404,681.8 bushels were sold under the terms of the International Wheat Agreement. Domestic sales were 72,359,665.5 bushels.

Priced open sales contracts and unsold stocks in the Pool as at May 15, 1959 were transferred to the 1958-59 Pool Account. The transfer was authorized by Order in Council P.C. 1959-708, June 4, 1959.

The following table shows the principal grades of wheat transferred to the 1958-59 Pool as at May 15, 1959:

GRADES		
(including Toughs and Damps)		Bushels
No. 2 Northern		11,192,310.5
No. 3 Northern		42,327,955.0
No. 4 Northern		61,608,434.2
No. 5 Wheat		7,875,225.0
No. 2 Amber Durum		2,161,799.0
No. 3 Amber Durum		4,181,206.8
No. 4 Amber Durum		3,589,724.8
Other grades		6,828,122.1
		<hr/>
Total		<u>139,764,777.4</u>

Stocks transferred from the 1957-58 Pool to the 1958-59 Pool amounted to 139,764,777.4 bushels. Of these stocks, 49,175,342.1 bushels were covered by priced open sales contracts and were transferred to the 1958-59 Pool at contract prices. Remaining unsold stocks in the amount of 90,589,435.3 bushels (including unpriced open sales contracts) were transferred to the 1958-59 Pool at the Board's quoted prices as at the close of business on May 15, 1959. In pricing unsold stocks of wheat the Board estimated the volume of these stocks which would be sold basis (a) Board quoted prices in store Fort William/Port Arthur and (b) Board quoted prices in store Vancouver. Unsold stocks of wheat for shipment via the Lakehead were priced at \$1.68 $\frac{3}{4}$ per bushel basis No. 1 Northern Wheat. Unsold stocks for shipment via Vancouver were priced

at \$1.76 $\frac{3}{4}$ per bushel basis No. 1 Northern Wheat. Stocks designated for shipment through Churchill were transferred at an appropriate premium over the Board's quoted prices in store Fort William/Port Arthur. Excepting for certain grades of Durum Wheat, the Board did not consider it necessary to make provision for subsequent market risk. Carrying charges subsequent to the date of transfer were fully provided for from funds allocated to the 1958-59 Pool under the Temporary Wheat Reserves Act.

2. 1957-58 Pool Account—Wheat.

The following table shows the operating results of the 1957-58 Pool Account from August 1, 1957 to the closing date of the Pool, May 15, 1959:

	Bushels	
1. Wheat acquired by the Board:		
(a) Producers' deliveries, August 1, 1957 to July 31, 1958.....	376,861,133.5	
(b) Purchases from 1956-57 Pool Account—Wheat.....	135,739,249.1	
(c) Wheat otherwise acquired ¹	1,945,403.5	
Total Wheat acquired.....	514,545,786.1	
	(Value)	(Value)
2. Cost of wheat acquired.....		\$690,581,765.84
3. Proceeds of sales—August 1, 1957 to May 15, 1959... Sales value of stocks transferred to 1958-59 Pool Account as at May 15, 1959 ²	\$571,417,731.40 216,635,146.51	 <u>788,052,877.91</u>
4. Gross surplus as at May 15, 1959.....		97,471,112.07
5. Operating costs—August 1, 1957 to May 15, 1959:		
(a) Carrying charges on wheat stored in country elevators.....	39,792,409.29	
(b) Storage on wheat stored in terminal elevators.....	12,157,676.35	
(c) Net interest paid on Agency wheat stocks.....	4,368,056.73	
	56,318,142.37	
Less: Carrying charges received under the Temporary Wheat Reserves Act.....	39,574,057.35	
Net carrying charges paid.....	16,744,085.02	
(d) Bank interest, Board inter-account interest, exchange and bank charges.....	3,617,962.58	
(e) Additional freight (net).....	828,197.12	
(f) Handling, stop-off and diversion charges.....	621,377.73	
(g) Drying charges.....	91,141.03	
(h) Administrative and general expenses.....	2,165,966.46	24,068,729.94
6. Surplus on operations of the Board on 1957-58 Pool Account—Wheat, for the period August 1, 1957 to May 15, 1959.....		\$ 73,402,382.13

¹Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices, basis in store Fort William/Port Arthur or Vancouver.

²For details of transfer see Page 1.

The CHAIRMAN: Are there any comments, gentlemen?

Mr. KORCHINSKI: On the table on page 1 under grades I notice there is no number 1 carried over to the 1959 pool. Does that mean that if we had an order for number 1 we could not fill it?

Mr. McNAMARA: No. It means the stocks of number 1 available in 1957-1958 pool are sold but we would have stocks from the 1958-1959 pool which we would sell. This is just a transfer in closing out one pool.

Mr. FANE: I notice there are approximately 2 million bushels acquired from other than producers. Where did that come from?

Mr. EARL: Mr. Chairman, those purchases primarily consisted of two things; purchase of net overages from country elevators, 1,545,916.8 bushels, and purchases of net terminal overages of 399,486.7 bushels.

Mr. FANE: I think, Mr. McNamara, that you stated yesterday where the money for those overages went.

Mr. McNAMARA: Yes. We buy this wheat at the initial payment price and then sell it at the same price we sell ordinary wheat, so the difference between the initial price and the selling price goes into the board for the benefit of all producers.

Mr. HORNER (*Jasper-Edson*): Are we going to have a list of where we got these overages?

Mr. McNAMARA: By companies?

Mr. HORNER (*Jasper-Edson*): Yes.

Mr. McNAMARA: We have never attempted to break it down.

Mr. HORNER (*Jasper-Edson*): I understand the committee usually gets that information.

Mr. McNAMARA: I do not think we have ever made a breakdown on that basis. If my memory serves me correctly, the question of overages has been discussed by the board of grain commissioners under whose jurisdiction is the supervision and operation of the elevators. We could get it, but we have never attempted to make a breakdown on that basis.

The CHAIRMAN: I think that was all done last year by the board of grain commissioners.

Mr. HORNER (*Jasper-Edson*): I notice in the oats pool the overages amounted to 41 million bushels and the wheat pool is substantially higher.

The CHAIRMAN: Shall we proceed with the next item?

Mr. NASSERDEN: Mr. Chairman, I do not think the wheat board would object to giving us the list of companies which have overages. I have seen that list for other years.

Mr. McNAMARA: I think that comes from the board of grain commissioners. We just buy them, but it is under their jurisdiction. I believe there was a change in policy a few years ago.

Mr. RIDDEL: In connection with the excess overages.

Mr. McNAMARA: It used to be the board of grain commissioners who took them and transferred them to the crown; but later they were turned over to the board. We just buy them.

Mr. FANE: That amount of practically two million bushels of overages is just gravy for the elevator companies?

Mr. McNAMARA: I would not want to be quoted on that word "gravy". I suggest you discuss that with the board of grain commissioners.

Mr. FANE: They get the benefit of it. It does not go back to the producers?

Mr. McNAMARA: No.

Mr. HORNER (*Acadia*): I do not agree that any overages should go to the board of grain commissioners. However, with regard to the shrinkage table, is that under the board of grain commissioners?

Mr. McNAMARA: Yes.

Mr. HORNER (*Acadia*): In the last three years was there not a greater amount of shrinkage allowed?

Mr. McNAMARA: I do not have the details. I believe you are right. I believe that table was changed two or three years ago by the board of grain commissioners.

Mr. HORNER (*Acadia*): It was increased.

Mr. McNAMARA: Mr. Riddel tells me he does not think it changed in so far as country elevators are concerned, but that there were some changes in the terminal elevators.

Mr. HORNER (*Acadia*): I will bring that up with the board of grain commissioners.

The CHAIRMAN: We will proceed to item 3.

Mr. EARL:

3. *Application of the Temporary Wheat Reserves Act*

In each crop year during the effective period of the legislation, the Government of Canada provides funds for carrying charge purposes to the extent that the quantity of wheat upon which the Board is paying carrying charges on August 1 of each crop year is in excess of 178 million bushels on the basis of the carrying charge rates in effect immediately prior to August 1 of each crop year. On August 1, 1958 the quantity of wheat upon which the Board was paying carrying charges was 406,264,478.2 bushels.* This figure exceeded the basic stocks of 178,000,000.0 bushels by 228,264,478.2 bushels. Therefore, during the crop year 1958-59 the Government of Canada paid carrying charges on the latter amount of wheat. The rate of carrying charges paid was .04780 cent per bushel per day. Funds paid or to be paid to the Board under the Temporary Wheat Reserves Act during the crop year 1958-59 amount to \$39,825,303.51. The Board recommended and Governor in Council approved (Order in Council P.C. 1959-710, June 4, 1959) the following allocation of these funds between the two operating Pool Accounts:

1957-58 Pool Account—Wheat	\$29,276,631.96
1958-59 Pool Account—Wheat	10,548,671.55
Total	\$39,825,303.51

The allocation of funds in 1958-59 was made on the same basis as in the previous crop year. Since stocks of wheat in the 1957-58 Pool remained in excess of 228,264,478.2 bushels from August 1, 1958 to February 12, 1959, all funds accrued under the Temporary Wheat Reserves Act were applied to the 1957-58 Pool Account between these dates. From February 13, 1959 to the date of the closing of the 1957-58 Pool Account on May 15, 1959 funds were allocated to the 1957-58 Pool on the basis of its average wheat stocks for this period in relation to the total wheat stocks upon which carrying charges were paid under the Act. Subsequent to May 15, 1959 and up to July 31, 1959 all funds received under the Act are for the account of the 1958-59 Pool Account.

The 1957-58 Wheat Account received the following allocations under the Temporary Wheat Reserves Act:

Crop year 1957-58	\$10,297,425.39
Crop year 1958-59	29,276,631.96
Total	\$39,574,057.35

*Confirmed by Order in Council P.C. 1958-1754, December 29, 1958.

From August 1, 1955 to July 31, 1959 funds provided under the Temporary Wheat Reserves Act have been allocated to Pool Accounts in the following amounts:

1954-55 Pool Account—Wheat	\$ 23,230,623.04
1955-56 Pool Account—Wheat	29,191,306.19
1956-57 Pool Account—Wheat	33,137,106.47
1957-58 Pool Account—Wheat	39,574,057.35
1958-59 Pool Account—Wheat	10,548,671.55
Total	<u>\$135,681,764.60</u>

The CHAIRMAN: Is there any comment, gentlemen?

Mr. HORNER (*Acadia*): In this paragraph under the pool account for 1957-1958, on one side of the book the figure is \$29,276,000 and we have at the top right-hand side for the crop year 1958-1959 \$29,276,000. Is that an error?

Mr. McNAMARA: I think it must be a mistake.

Mr. EARL: The 1957-1958 pool account ran beyond the one year period. It is part of the allocation in two years.

Mr. HORNER (*Acadia*): It is the same figure.

Mr. EARL: It is not quite the same figure. It is very close.

Mr. FORBES: That figure represents a straight subsidy by the government?

Mr. HORNER (*Acadia*): Which one?

Mr. FORBES: The carrying charges.

Mr. McNAMARA: I do not like the word, "subsidy", but it is a direct payment from the federal government to the pool for the benefit of the producers.

Mr. FORBES: Perhaps you would like the word "grant" better.

Mr. McNAMARA: It is our share of the cost of storing this grain in Canada.

Mr. HORNER (*Acadia*): How was that figure of 178 million bushels arrived at.

Mr. McNAMARA: When the act was first introduced they went back over a period of years and arrived at what would be a normal carry-over of Canadian wheat at the end of the crop year. It worked out at 178 million bushels and parliament at that time decided they should pay the excess over the normal amount. This will remain in effect until the carry-over drops below 178 million. At that time I believe it automatically expires.

Mr. HORNER (*Acadia*): In other words, the 178 million at one time was the average carry-over?

Mr. McNAMARA: Yes; at the end of the crop year.

Mr. HORNER (*Acadia*): And that is why that figure was arrived at?

Mr. McNAMARA: That is right.

The CHAIRMAN: Shall we proceed now with item 4?

Mr. EARL:

4. Surplus for Distribution to Producers

As shown in the operating statement on Page 2, the surplus on the 1957-58 Pool Account—Wheat, as at May 15, 1959 was \$73,402,382.13 before providing for the interim payment authorized by Order in Council P.C. 1959-215, February 24, 1959.

This interim payment involved the distribution of \$38,783,856.67, and was in the amount of 10 cents per bushel on all grades of wheat excepting high-quality milling grades of Durum Wheat, upon which the interim payment was 15 cents per bushel.

After allowing for the interim payment, the Prairie Farm Assistance Act levy on the interim and final payments, the cost of issuing the final payment, and after adding estimated interest earnings subsequent to May 15, 1959, the net final surplus for distribution to producers was \$33,874,398.61 as shown in the following table:

Surplus on operations of the Board as at May 15, 1959.....		\$73,402,382.13
<i>Deduct:</i> Interim payment.....		38,783,856.67
		34,618,525.46
<i>Deduct:</i> Prairie Farm Assistant Act levy.....	\$ 733,921.77	
Cost of issuing final payment.....	158,163.71	
		892,085.48
		33,726,439.98
<i>Add:</i> Estimated additional interest earned from May 15, 1959 to date of distribution.....		147,958.63
Balance for final distribution to producers.....		\$33,874,398.61

On producers' deliveries of 376,861,133.5 bushels, the average final payment was 8.9886 cents per bushel. The distribution of final payment cheques to producers was authorized by Order in Council P.C. 1959-709, June 4, 1959.

The CHAIRMAN: Are there any comments on this item? If not, let us proceed with item 5.

Mr. EARL:

5. *Comments on the 1957-58 Pool Account—Wheat*

Operating costs incurred by the Board in the period from August 1, 1957 to May 15, 1959 applicable to the 1957-58 Pool were \$24,068,729.94, after crediting funds paid to the Board by the Government of Canada under the provisions of the Temporary Wheat Reserves Act. Operating costs consisted of the following:

(a) *Carrying Charges—\$16,744,085.02*

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country and terminal elevators and in mill positions, were \$56,318,142.37. These carrying charges amounted to 14.9439 cents per bushel on producers' marketings of 376,861,133.5 bushels. Of the funds received from the Government of Canada under the Temporary Wheat Reserves Act, the sum of \$39,574,057.35 was allocated to the 1957-58 Pool Account, or the equivalent of 10.5009 cents per bushel on producers' deliveries to the Pool. After applying these funds the actual carrying charges paid by the Board for producers' account amounted to \$16,744,085.02, or 4.4430 cents per bushel.

(b) *Net Interest, Exchange and Bank Charges, Etc.—\$3,617,962.58*

This item comprises bank interest, exchange and bank charges, and net interest paid to or received from other Board accounts.

(c) *Additional Freight (Net)—\$828,197.12*

This item consists chiefly of additional freight paid on wheat shipped from Saskatchewan stations to the Pacific Coast against the Fort William/Port Arthur freight differential and on low-grade wheat shipped from Alberta stations to the Lakehead. The item also includes freight credits on wheat shipped to Churchill.

(d) *Handling, Stop-Off and Diversion Charges—\$621,377.73*

These charges were incurred in shipping wheat to interior terminals for storage and in diverting wheat for shipment to Churchill.

(e) *Administrative and General Expenses—\$2,165,966.46*

Administrative and general expenses of the Board applicable to the 1957-58 Pool Account were the equivalent of .5747 cent per bushel on producers' marketing of 376,861,133.5 bushels.

The CHAIRMAN: Are there any comments on this item?

Mr. HORNER (*Acadia*): I have one question to do with the Wheat Reserves Act. As I understand it, 178 million bushels are specified, and the government pays the storage on everything over that, and as I understand it, it comes to an equivalent of a little over 10 cents a bushel. Is that right?

Mr. EARL: That is right.

Mr. HORNER (*Acadia*): It is 10.5 cents a bushel. I know there has been a lot of agitation about it, but I am favourable to the idea that the government take over the storage, and that would amount to another 4.44 cents a bushel.

Mr. MCNAMARA: That is right.

The CHAIRMAN: Shall we now proceed with item 6?

Mr. MCINTOSH: I believe the carrying charges incurred by the Board amounted roughly to 15 cents a bushel. Mr. McNamara said yesterday it amounted to one cent a month.

Mr. MCNAMARA: The storage rate is 1/30 of a cent per bushel per day, or approximately one cent a month, and the carrying charges include bank interest.

Mr. MCINTOSH: Is that three cents a bushel per month?

Mr. MCNAMARA: No. We do not carry wheat for the full twelve-month period, so the storage is not 12 cents. It works out on the average, including interest, to about what?

Mr. MCINTOSH: It is just related to the storage for the amount not sold.

Mr. MCNAMARA: It would be about 10 cents for the storage and 5 cents for the interest, or 15 cents; approximately two-thirds and one-third.

The CHAIRMAN: Shall we now proceed with item 6?

Mr. EARL:

6. *Realized Prices*

The following table shows initial payments, interim payments, final payments and total prices realized by producers for the principal grades of wheat delivered to the 1957-58 Pool Account basis in store Fort William/Port Arthur or Vancouver, after deduction of net operating costs, including carrying charges, interest and administrative expenses:

	Initial Payment ¹	Interim Payment ¹	Final Payment ¹	Realized Price ¹
(dollars per bushel)				
RED SPRING WHEAT GRADES				
No. 1 Manitoba Northern....	1.40	.10	.12120	1.62120
No. 2 Manitoba Northern....	1.36	.10	.12592	1.58592
No. 3 Manitoba Northern....	1.32	.10	.07794	1.49794
No. 4 Manitoba Northern....	1.25	.10	.04630	1.39630
No. 5 Wheat.....	1.08	.10	.14216	1.32216
No. 6 Wheat.....	1.02	.10	.18466	1.30466
Feed Wheat.....	.96	.10	.22346	1.28346

	Initial Payment ¹	Interim Payment ¹	Final Payment ¹	Realized Price ¹
(dollars per bushel)				
AMBER DURUM GRADES				
No. 1 C.W. Amber Durum...	1.50	.15	.19554	1.84554
No. 2 C.W. Amber Durum...	1.47	.15	.20511	1.82511
No. 3 C.W. Amber Durum...	1.40	.15	.13039	1.68039
Extra No. 4 C.W. Amber Durum.....	1.34	.15	.18958	1.67958
No. 4 C.W. Amber Durum...	1.31	.10	.02509	1.43509
No. 5 C.W. Amber Durum...	1.13	.10	.09777	1.32777
No. 6 C.W. Amber Durum...	1.07	.10	.13466	1.30466

¹ Prior to deduction of Prairie Farm Assistance Act levy.

The CHAIRMAN: Are there any comments on item 6? If not, let us proceed with item 7.

Mr. EARL:

7. Board Quoted Prices—1957-58 Pool

The 1957-58 Pool was under sale from May 12, 1958¹ to May 15, 1959. During this period the Board continued to quote separate selling prices for wheat basis in store Fort William/Port Arthur, basis in store Pacific Coast ports and basis in store Churchill. The following table shows monthly average Board asking prices for No. 1 Northern Wheat basis in store the aforementioned positions for the selling period of the 1957-58 Pool:

	Monthly Average Asking Prices		
	No. 1 Northern		
	Ft.Wm./Pt.Ar.	Vancouver	Churchill
	(dollars per bushel)		
May 12-31, 1958.....	1.61 $\frac{1}{4}$	1.73 $\frac{1}{4}$	1.72 $\frac{1}{4}$
June.....	1.60 $\frac{1}{2}$	1.72 $\frac{3}{8}$	1.71 $\frac{1}{2}$
July.....	1.63	1.74	1.74
August.....	1.64	1.75	1.75
September.....	1.65 $\frac{1}{2}$	1.77 $\frac{5}{8}$	1.76 $\frac{1}{2}$
October.....	1.64 $\frac{1}{8}$	1.76 $\frac{1}{8}$	1.75 $\frac{7}{8}$
November.....	1.63 $\frac{5}{8}$	1.75 $\frac{3}{8}$	1.76 $\frac{5}{8}$
December.....	1.62 $\frac{7}{8}$	1.74 $\frac{1}{2}$	1.75 $\frac{7}{8}$
January, 1959.....	1.63 $\frac{5}{8}$	1.74 $\frac{7}{8}$	1.76 $\frac{3}{8}$
February.....	1.70 $\frac{5}{8}$	1.76 $\frac{1}{2}$	1.78
March.....	1.69 $\frac{5}{8}$	1.75	1.77
April.....	1.68 $\frac{5}{8}$	1.73 $\frac{3}{4}$	1.75 $\frac{3}{4}$
May 1-15.....	1.68 $\frac{3}{8}$	1.75 $\frac{3}{8}$	1.75 $\frac{3}{4}$

During the selling period of the 1957-58 Pool, Board pricing of wheat followed the same general pattern as during the selling period of the preceding Pool. Board asking prices for wheat in store Vancouver and in store Churchill again reflected lower forwarding costs to overseas destinations as compared with wheat shipped from the Lakehead via St. Lawrence ports. From May, 1958 through January, 1959 Board asking prices for No. 1 Northern Wheat basis in store Fort William/Port Arthur fluctuated within narrow limits, reflecting in the main the exchange value of the Canadian dollar. During this period Board asking

¹ The 1956-57 Pool Account was closed on May 9, 1958.

prices for No. 1 Northern Wheat basis in store Vancouver and in store Churchill ranged from 11 cents to 13 cents per bushel higher than for the same grade of wheat in store the Lakehead.

In anticipation of the opening of the St. Lawrence Seaway, and in order to facilitate forward sales for shipment via this route, the Board announced an important change in pricing policy on January 30, 1959. Effective on this date the Board increased its asking prices for wheat in store Fort William/Port Arthur by $5\frac{3}{8}$ cents² per bushel.

In arriving at pricing policies in anticipation of the Seaway, the Board recognized—

- (a) that it would be possible for ocean vessels to load wheat as far inland as Fort William/Port Arthur and deliver such grain at overseas destinations at a lower cost than had been previously possible;
- (b) that a lower cost structure would apply in the movement of grain from the Lakehead to St. Lawrence ports.

In consideration of policy the Board felt that savings in forwarding costs for wheat resulting from the Seaway should accrue to the advantage of the western wheat producer. In accordance with this objective the Board increased its asking prices for all grades of wheat basis in store Fort William/Port Arthur by $5\frac{3}{8}$ cents per bushel as previously noted. The amount of the increase was the difference between the estimated cost of moving wheat through the Seaway to St. Lawrence ports and the fixed differential which had been in effect prior to the close of navigation in 1958. The increase in Board asking prices for wheat in store the Lakehead, being in effect a saving in forwarding costs within Canada, did not affect Board asking prices for wheat C.I.F. St. Lawrence ports, and as a result did not increase the cost of wheat moving via the Seaway to the overseas buyer. The St. Lawrence price under the new pricing policy was the equivalent to that previously in effect and, consequently, it was not necessary for the Board to alter the level of its asking prices for wheat basis in store Churchill and in store Pacific Coast ports.

The new pricing policy announced on January 30th included provision for daily quotations for Canadian wheat C.I.F. St. Lawrence ports and for the provision, as required, of prices at intermediate Seaway ports.

It should be observed at this stage of the first shipping season on the Seaway, that the ultimate saving in costs will depend, in part, upon the volume of grain which moves exclusively by the all-water route through the Seaway and the volume of grain which is moved to Georgian Bay ports and thence by rail to St. Lawrence or Maritime Atlantic ports.

The upward adjustment in Board asking prices for wheat, basis in store Fort William/Port Arthur, increased the cost of wheat to Canadian mills and affected their competitive position in export markets. After consultation with representatives of the Canadian milling industry the Board extended its export adjustment policy* as follows:

- (1) Export flour adjustment rates (applicable to all areas excepting the United Kingdom, Continental Europe and the United States) were increased by $5\frac{3}{8}$ cents per bushel from the levels in effect on January 30, 1959;

² The actual increase was $5\frac{7}{8}$ cents per bushel, which included an exchange adjustment of $\frac{1}{4}$ cent per bushel.

* For explanation of policy see Page 10 of the Annual Report of The Canadian Wheat Board for 1956-57.

- (2) A new export flour adjustment rate, applicable to the United Kingdom and Continental Europe, was established at 5½ cents per bushel.

The increases in the export flour adjustment rates under (1) above and the export flour adjustment rate under (2) above are subject to a reduction in the case of mills in Eastern Canada, the reduction depending upon the geographical location of such mills and the extent to which they are able to take advantage of reduced forwarding costs in acquiring their wheat supplies.

The effect of the foregoing amendments to the Board's export flour adjustment policy and rates was to leave the milling industry in the same competitive position in export markets that it enjoyed prior to the January 30th increase in Board asking prices for wheat basis in store the Lakehead.

The increase in Board asking prices for wheat basis in store Fort William/Port Arthur resulted in some increase in the cost of wheat to Canadian mills for domestic flour production and some increase in the cost of wheat for feeding purposes in Eastern Canada, the actual increase depending upon the extent to which mills and feeders may be able to take advantage of reduced costs in securing wheat supplies via the Seaway. Consumer interests in Canada, however, have benefited in recent years from the decline in international wheat prices and have received the full benefit of the downward adjustment in wheat prices resulting from the exchange value of the Canadian dollar. By regulation, the Board is required to sell wheat in the domestic market at the same prices at which it sells wheat for export for registration under the International Wheat Agreement.

Mr. McNAMARA: I think it might be advisable to discontinue at this point to discuss the St. Lawrence seaway, independently of the Durum wheat situation.

The CHAIRMAN: Is that agreeable? Are there any comments on that item?

Mr. McNAMARA: We anticipated there would be quite a lot of interest in this particular feature, so we have prepared a document which is available for distribution. I suggest that Mr. Riddel present it, because I think it might give you information which would help the committee and expedite the discussion.

The CHAIRMAN: Is that agreeable to the committee?

Agreed.

Mr. W. RIDDEL (*Assistant Chief Commissioner, The Canadian Wheat Board*): I wish to make the following statement pertaining to the St. Lawrence seaway.

In order to assess the effects of the seaway, and as a guide to future policy, the board and the Shippers and Exporters Association of the Winnipeg Grain Exchange, jointly appointed a committee on August 18, 1958. It was felt that through the formation of such a committee the combined technical knowledge and experience of the various interests represented would contribute not only to knowledge of probable effects of the seaway but also to the necessary policies which would have to be brought into effect prior to the opening of the seaway. The joint committee completed its report on January 16, 1959. The contents of the report were the subject of a series of meetings between the board and the executive of the Shippers and Exporters Association. These discussions were most helpful to all concerned and to the board in arriving at policy decisions.

It should be stated, however, that at no time did the board, or the shippers and exporters, think that all the consequences of the seaway could be resolved in advance; it was always realized that experience in actually using the facilities of the seaway would be necessary before a full assessment could be made.

The final decision as to policy rested with the board pursuant to its responsibilities under the Canadian Wheat Board Act.

New Pattern of Shipment:

The seaway involved a change in the movement of wheat from Fort William/Port Arthur to St. Lawrence ports. The change arose from:—

- (a) The ability of lake vessels to carry wheat direct from Fort William/Port Arthur to St. Lawrence ports, without the necessity of transferring the wheat at intermediate ports, and
- (b) The ability of ocean vessels to penetrate the waterways as far west as Fort William/Port Arthur, Ontario, for the primary purpose of obtaining wheat cargoes.

The seaway places more emphasis upon the direct all-water movement between the lakehead and St. Lawrence ports. However, traditional routing of wheat shipments via transfer elevators or via lake and rail still remains to serve particular purposes in the eastward movement of grain.

In anticipating the effects of the seaway upon the marketing of wheat, the board felt that four considerations should apply. These are:—

- (1) That savings in the cost of moving wheat from the lakehead should accrue to western producers who market their wheat through The Canadian Wheat Board;
- (2) That in revising its pricing policy, the cost of wheat, shipped from St. Lawrence ports should not be increased to overseas buyers;
- (3) That necessary price adjustments arising from the seaway should not affect the level of board asking prices for wheat in store Pacific coast ports or Churchill;
- (4) Policy changes pertaining to the seaway should be announced well in advance of the opening of navigation in 1959 in order to facilitate forward sales of wheat.

The Main Issue:

The critical points involved for the board were the probable savings in moving wheat from the lakehead to St. Lawrence ports and the appropriate pricing policies which should be followed. In analyzing possible savings as the result of the seaway, the board started with the cost structure in effect prior to the close of navigation in 1958. The position was this—up to the close of navigation on the lakes in 1958, the cost of moving wheat from in store the lakehead to C.I.F. St. Lawrence ports via all-water was 19 $\frac{7}{8}$ cents per bushel, and via lake and rail 24 cents per bushel. Based on estimated percentages of the movement going via each route, the board fixed an arbitrary differential of 21 $\frac{7}{8}$ cents per bushel and fixed its selling prices C.I.F. St. Lawrence ports at 21 $\frac{7}{8}$ cents per bushel over its asking prices in store Fort William/Port Arthur.

From information at its disposal, and on the basis of early offers of freight from the lakehead to St. Lawrence ports, the board established that this movement could be carried out at a saving of 5 $\frac{5}{8}$ cents per bushel as compared with the fixed differential in effect at the close of the 1958 shipping season described above.

On January 30, 1959, the board announced policy changes in anticipation of the opening of the seaway. This policy included:—

- (1) An increase in board asking prices for wheat basis in store Fort William/Port Arthur of 5 $\frac{5}{8}$ cents* per bushel, effective January 30, 1959;

*The actual increase was 5 $\frac{7}{8}$ cents per bushel, which included an exchange adjustment of $\frac{1}{4}$ cent per bushel.

- (2) The quotation of a daily price for Canadian wheat C.I.F. St. Lawrence ports;
- (3) The provision, as required, of asking prices effective at intermediate points between Fort William/Port Arthur and St. Lawrence ports.

As described above, the increase of $5\frac{5}{8}$ cents per bushel in board asking prices for wheat in store Fort William/Port Arthur was the difference between the estimated cost of moving wheat through the seaway via the direct all-water route to St. Lawrence ports and the fixed differential which had been in effect prior to the close of navigation in 1958.

The increase in board asking prices in store the lakehead, being in effect a saving in forwarding costs within Canada, did not affect board asking prices for wheat C.I.F. St. Lawrence ports, and as a result did not increase the cost of wheat to overseas buyers. This permitted a smooth transition from the standpoint of overseas buyers. The new St. Lawrence C.I.F. price was the equivalent to that previously in effect and, consequently, it was not necessary for the board to alter the level of its asking prices for wheat in store Churchill and in store Pacific coast ports.

It should be noted that the ultimate saving in costs resulting from the seaway will depend, in part, upon the volume of wheat which moves by the direct all-water route through the seaway, the volume of wheat which is moved all-water via transfer elevators, and, more importantly, the volume of wheat which it becomes necessary to move by water to Georgian bay ports and by rail to eastern destinations.

The other document, Mr. Chairman, is in connection with the changes which were made in our export flour adjustment policy as a result of the opening of the seaway.

The upward adjustment in board asking prices for wheat, basis in store Fort William/Port Arthur, increased the cost of wheat to Canadian mills and affected their competitive position in export markets. After consultation with representatives of the Canadian milling industry the board extended its export flour adjustment policy as follows:—

- (1) Export flour adjustment rates (applicable to all areas excepting the United Kingdom, Continental Europe and the United States) were increased by $5\frac{5}{8}$ cents per bushel from the levels in effect on January 30, 1959;
- (2) A new export flour adjustment rate, applicable to the United Kingdom and Continental Europe, was established at $5\frac{5}{8}$ cents per bushel.

The increases in the export flour adjustment rates under (1) above and the export flour adjustment rate under (2) above are subject to a reduction (effective after the opening of navigation) in the case of mills in eastern Canada, the reduction depending upon the geographical location of such mills and the extent to which they are able to take advantage of reduced forwarding costs in acquiring their wheat supplies.

The effect of the foregoing amendments to the board's export flour adjustment policy and rates was to leave the milling industry in the same competitive position in export markets that it enjoyed prior to the January 30 increase in board asking prices for wheat in store the lakehead.

Other Effects:

As a result of the board's decision to increase its asking prices for wheat basis in store the lakehead, there were two developments which attracted some attention. Since Canadian mills purchase their wheat requirements basis in store Fort William/Port Arthur, the adjustment in the lakehead price increased

the cost of wheat to the milling industry, a lesser increase applying to mills located east of the Lakehead. The changes in the export flour adjustment rates equalized the situation for the mills as far as export markets are concerned. However, there was an increase in the cost of wheat to the mills insofar as their domestic sales were concerned, the actual increase to Eastern mills depending upon location.

By regulation, the board is required to sell wheat for domestic consumption at the same price as it sells wheat for export within the terms of the international wheat agreement and, consequently, the price of wheat for sale in the domestic market followed the adjustment in Fort William/Port Arthur asking prices. In this connection it should be pointed out that consumers in Canada have had the benefit of the lowering of the level of international wheat prices in recent years, and also have had full advantage of the downward adjustment in board asking prices for wheat resulting from the premium position of the Canadian dollar. Consequently, the impact of the new lakehead price—itsself being a relatively small increase—was not too severe as far as the domestic market is concerned and constituted a minor factor in the cost of bread to Canadian consumers.

Feed dealers and livestock producers in eastern Canada raised the question of the increase in board asking prices in store the lakehead for grades of wheat in which they were interested. They have benefited from lower selling prices for wheat and the exchange situation. Those who purchase wheat for feed in eastern Ontario, Quebec and the maritime provinces will benefit from reduced forwarding costs resulting from the seaway development. It may take a while for the feedstuffs industry in this area to adjust its buying practices to the seaway, but like all buyers it will seek the cheapest route for acquiring supplies.

There is one point which consumers in Canada should bear in mind. Had the board not increased its store prices at the lakehead, it would have been in the position of having to reduce its prices for wheat basis in store Churchill and basis in store Vancouver—to keep these shipping routes competitive. The savings inherent in the seaway would then have resulted in a lowering of the price of wheat to western producers on all wheat which goes for export from St. Lawrence ports, from maritime Atlantic ports, from Churchill and from Pacific coast ports. This would have been a drastic loss for western Canada, far outweighing the advantages which would have accrued to Canadian consumers.

Experience to Date:

The board has now had four months of experience under seaway pricing policies evolved in late January and early February. In general, the arrangements have worked well—they have been fully understood by the grain trade in Canada and by overseas buyers. Board asking prices for wheat in store the lakehead and C.I.F. St. Lawrence ports have declined by $1\frac{3}{4}$ cents per bushel due to an increase in the exchange value of the Canadian dollar; the premium increasing from $3\frac{9}{64}$ per cent to $4\frac{3}{32}$ per cent.

Since the opening of navigation a much lower level of grain shipments from the lakehead has prevailed. The position at the moment is that there is unloading space in eastern Canada while stocks of grain in store at the lakehead and in country elevators are at a relatively high level. In the opinion of the board this situation will correct itself as the season progresses. There are reasons for the delayed movement of wheat from the lakehead. The seaway was a new experience for all concerned, and in the early part of the navigation season there were unavoidable delays in the movement of vessels. Beyond this, however, a new pattern of inland shipping was being worked out both for grain and other commodities. For example, lake vessels were making the long trip to St. Lawrence ports rather than the short trip to Georgian bay

ports. In many cases grain and ore were being moved in combination. No one could anticipate to what extent ocean vessels would utilize the seaway to move grain directly from the lakehead. All these problems are sorting themselves out and there is every indication that the 1959 shipping season will see an adequate movement of grain from the lakehead.

In the meantime the board has had, and will continue to have, sufficient wheat in eastern positions to meet all export commitments.

United States Competition:

So far we have dealt with the seaway in the terms of Canadian interest in the export movement of wheat. It is most important that we realize that the St. Lawrence seaway has provided the United States with a new and cheaper route for the export of United States grain. We are today in competition, in a major way, with United States grain moving through the St. Lawrence. This is a new factor in our competitive position.

In the sale of Canadian wheat our competition is based upon quality and the day to day pricing of Canadian wheat by the board. United States competition is established by means of the export subsidies which are fixed from day to day by the United States Department of Agriculture. Whether or not we can retain the economies of the Seaway for the benefit of grain producers in the prairie provinces depends, to a very important extent, upon the restraint which United States authorities exercise in fixing export subsidies applicable to grain shipments through their ports on the Great Lakes. This is a field in which Canada and the United States have a common interest now that the seaway has been constructed and in operation.

Mr. RIDDEL: Thank you Mr. Chairman.

The CHAIRMAN: Any comments?

Mr. MILLIGAN: Mr. Chairman, I am just wondering if no consideration is given to the eastern feeder receiving any of the benefits of the reduced shipping charges.

Mr. RIDDEL: As we pointed out here, Mr. Chairman, the eastern feeder has had the advantage of the lowering of the price, both due to world competition and through the exchange value of the Canadian dollar during the past number of years.

He also stands to gain in the reduction that can be obtained in the reduced cost of moving wheat or other feeding grains from the lakehead to eastern Canadian positions.

Mr. MILLIGAN: Has it actually worked out that the price of grain has been increased by the reduction in the seaway price?

Mr. RIDDEL: Yes, but if he can recover all or part of that reduction in cost, then his position is unchanged. However, it may take some time.

Mr. MILLIGAN: It has not worked out that way.

Mr. HORNER (*Acadia*): I have a question regarding a statement in a paper, and I do not know who it was said it, but he suggested because the seaway may reduce the process of automatic blending the farmers, in the future, may receive less for their wheat. Can someone explain this "automatic blending"?

Mr. McNAMARA: Actually, I saw that comment too, and it was not made by a member of our board. It was rather incorrectly misquoted, and the newspaper reporter obviously did not understand the reference that he was making.

Mr. HORNER (*Acadia*): I am glad to think that clears that up, because that "automatic blending" bothered me.

I have another question. Under part (a) of the seaway, it mentioned the necessity of transferring the wheat at intermediate ports.

Am I correct in stating there used to be ports along the Welland canal, and they were so small the cargo had to be re-loaded to go through?

Mr. RIDDEL: That was the practice prior to the opening of the seaway, and larger lake vessels had to carry wheat to an intermediate port—like Port Colborne, Kingston or Prescott and unload into the canals, to go through the old canals.

That practice would cease if everything was functioning all right; but due to certain delays it has been necessary still to utilize these transfer ports to a greater extent than had been anticipated prior to the opening of the seaway.

Mr. HORNER (*Acadia*): This should give an additional increase in the benefit so far as the saving is concerned?

Mr. RIDDEL: Yes, ocean vessels over a certain size coming up to the lakehead at the present time have to take into consideration that in some parts of the water route the draft is only 21 to 22 feet, with the result they cannot load full cargoes at the lakehead, but only partial cargoes, and load the balance of the cargo—or, as we call it, top off—at St. Lawrence ports.

Mr. HORNER (*Acadia*): I have another question dealing with the deepening. As I understand it, the United States is supposed to pay any cost of deepening the channel up to Port Arthur and Fort William. To me, it would be beneficial to the United States to store that up as much as they could because that would allow them to have the advantage over us in selling grain through the St. Lawrence seaway. Would you or your board know about that?

Mr. RIDDEL: There are some parts of the cost of the waterway the U.S. has agreed to assume—largely portions which are located in the United States territory, such as the Soo locks and some of the Detroit river courses, and so on.

Mr. HORNER (*Acadia*): That particular part that goes up through Fort William and Port Arthur, it is not to be done by the United States concern, am I right in that?

Mr. DALLAS: I have the answer to the gentleman's question. You are wondering if the United States would delay or slow it up for some advantage of their own?

Mr. HORNER (*Acadia*): Yes, it would be to their advantage to do that.

Mr. DALLAS: They would not do that because that would be cutting off their own nose to spite their face. They want to use Duluth, and to get up there they have to do that work.

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

Mr. DALLAS: For their own benefit they want to do it as quickly as possible.

Mr. HORNER (*Acadia*): I have another question with regard to the grain moving to Georgian bay by lake boats, and then going by rail. I would like to know what the percentage is.

Mr. RIDDEL: It has varied from year to year. Sometimes about 60 per cent of the grain went by water via transfer; and perhaps 40 per cent lake and rail. Other years it has been as high as 47½ per cent lake, and 52½ per cent by water.

Mr. HORNER (*Acadia*): Around 50 per cent would be a general statement?

Mr. RIDDEL: Forty to 50 per cent.

Mr. McINTOSH: May I ask what the term, "C.I.F. St. Lawrence ports" means?

Mr. RIDDEL: Yes, cost, insurance and freight.

Mr. McINTOSH: The second question I have—and you probably explained it yesterday, but I am still not quite clear on it—is in regard to your prices at Churchill, Vancouver and Fort William,—the variation in the price. Is there any certain area in Canada where those prices are determined from?

Mr. RIDDEL: We have always quoted the price of Canadian wheat, say, in store, Vancouver—that is, for export sale, a sale price, in store, Vancouver, in store Port Churchill—and previously we quoted the price based in store, Fort William, to which was added the differential of $21\frac{7}{8}$ to establish prices at St. Lawrence ports.

These St. Lawrence ports, Churchill and Vancouver, were kept on a somewhat competitive level in so far as the laid down costs of wheat shipped from these various ports to the United Kingdom and European markets were concerned.

We established a new price C.I.F. St. Lawrence ports, which was equivalent to the old price before the increase—that is, the Fort William price plus $21\frac{7}{8}$ —so we left these ports in the same competitive position as they were before. But, actually, due to variations in ocean freights—that is, the cost of moving the wheat from these various ports to the foreign markets—it is possible for us to have prices at the different ports which may not be on the same level. We might be obtaining in actual practice a premium for wheat shipped out of Pacific coast ports and out of Churchill, as compared to wheat shipped from St. Lawrence ports.

Mr. McINTOSH: Taken from the St. Lawrence ports your price would be 1.82 as compared to 1.61 at Fort William—is that what you mean? But the foreign buyer would be buying at 1.82.

Mr. RIDDEL: $16\frac{1}{4}$ would be the difference between the lakehead and St. Lawrence ports.

Mr. McINTOSH: $16\frac{1}{4}$?

Mr. RIDDEL: Yes, $16\frac{1}{4}$.

Mr. McINTOSH: I thought you said $21\frac{7}{8}$?

Mr. RIDDEL: No, that was—

Mr. McINTOSH: The previous—

Mr. RIDDEL: That was the differential before we changed the price.

Mr. McINTOSH: And it is now 16?

Mr. RIDDEL: It is now $16\frac{1}{4}$; but instead of using the differential we are quoting an independent price for St. Lawrence ports, though at the present time it is about the same level.

Mr. McINTOSH: That price is not mentioned any place at all.

Mr. RIDDEL: No.

Mr. HORNER (*Acadia*): I have another question, Mr. Chairman, with regard to the milling industry, the impact on the milling industry. Shortly after this $5\frac{3}{8}$ cents increase in the milling price at Fort William, they were convinced—and there was a great deal of concern in the maritimes, particularly—and the milling industry thought they were having to pay more for wheat and, therefore, it would increase the cost of bread and so on. I wonder if anybody could explain that? Apparently it did increase the cost of wheat to the maritimes—or did it?

Mr. RIDDEL: It increased the cost of all of the wheat used by Canadian mills for the manufacture of flour for the domestic market by $5\frac{3}{8}$ cents a bushel.

Mr. HORNER (*Acadia*): As I understand it, the mills in western Canada buy their wheat at Fort William prices, less freight. The mills in eastern Canada—particularly in the maritimes—buy their wheat at Fort William prices, plus freight and the transportation cost, which would be in the west, to millers about \$1.50. This is just a rough figure. To the eastern ports, the maritimes, it will be roughly anywhere up to 1.85, is that right?

Mr. RIDDEL: It could be.

Mr. HORNER (*Acadia*): It could be that?

Mr. RIDDEL: Yes.

Mr. HORNER (*Acadia*): In other words, it could put on 35 cents a bushel?

Mr. RIDDEL: The western mills buying wheat for the domestic market pay Fort William price less Fort William freight and pay the local freight from the elevator in which the wheat is stored into their mill; or, if they were trucking it, the trucking cost to the mill.

Mr. HORNER (*Acadia*): They would pay that, less?

Mr. RIDDEL: In addition to the cost of the wheat. For example, the mills in Saskatoon taking wheat from Maidstone pay Fort William price less freight cost from Maidstone, which is the Crowsnest pass rate from Maidstone to Fort William.

Mr. HORNER (*Acadia*): The millers, at the time of this increase, proclaimed they would have to increase the price of bread because of this increase. This, to my notion, was false, because here we have a difference in price of flour to the millers as between Montreal and, say, Saskatoon, of anywhere from 25 to 35 cents; and the price of bread is selling every bit as cheap in Montreal as in western Canada, and, particularly, in Alberta. I understand it is cheaper in Windsor than Alberta, and yet they are paying more for wheat here than they are there. I want to clear up if there was this differential to the milling industry. This 5 $\frac{3}{8}$ cents, to me—I think the evidence is clear—in no way caused an increase in the price of bread, or should not.

Mr. RIDDEL: I was asked that question by the Canadian press at the time we made the change in policy, Mr. Chairman. The increase in the price of wheat of 5 $\frac{3}{8}$ cents would only affect the price of a loaf of bread by an increase of less than one-tenth of a cent. So, I told them that this increase of 5 $\frac{3}{8}$ cents in no way, in itself, justified an increase in the price of bread.

Mr. HORNER (*Acadia*): I have one other question under the heading of the impact on the milling industry. At page 2 you go on to say:

By regulation, the board is required to sell wheat for domestic consumption at the same price as it sells wheat for export within the terms of the international wheat agreement.

Mr. RIDDEL: Yes.

Mr. HORNER (*Acadia*): This interests me to this extent: If Canada is restricted under the international wheat agreement, to the extent it must sell wheat on the domestic market at the same level as it sells it on the international market, why is not the United States restricted to that same extent?

The CHAIRMAN: I understand they sell wheat pretty well for anything they like.

Mr. HORNER (*Acadia*): Why is not that same restriction placed on them there, or is it?

Mr. RIDDEL: This is the policy of the Canadian government and has nothing to do with the international wheat agreement itself or the United States.

Mr. HORNER (*Acadia*): I thought it did, by the reading of that statement.

Mr. RIDDEL: No, that is merely the provision made in our regulations by the government, that wheat sold for domestic consumption in Canada would be sold at the same price as we offer wheat for sale under the terms of the international wheat agreement.

Mr. HORNER (*Acadia*): I misunderstood that statement.

Mr. RIDDEL: Mr. Chairman, I would like to read the regulation, the Canadian wheat board regulation No. 6. This is domestic wheat:

(1) The board shall sell wheat except Amber Durum wheat to millers, processors, manufacturers, dealers and others hereinafter referred to as purchasers for domestic requirements in Canada at the same price as the board sells wheat of the same grade to persons purchasing such wheat under the international wheat agreement.

(2) The board may in its discretion sell Amber Durum wheat to such purchasers for domestic requirements in Canada at prices in excess of the prices at which the board sells the same grade of Amber Durum wheat to persons purchasing such wheat under the international wheat agreement.

(3) Notwithstanding the provisions of this section the board may sell to said purchasers for domestic requirements in Canada for the purpose of absorbing changes in values of inventories resulting from fluctuations in the price of wheat during the crop year such amount of wheat as the board may deem advisable at prices and on terms fixed by the board.

Mr. HORNER (*Acadia*): I see where I had my misunderstanding. When you turned it off it said "by regulation", and you say, "within the terms of the international wheat agreement". I thought the regulation was in the terms of the international wheat agreement but, apparently, it is the regulations of the board.

The CHAIRMAN: Gentlemen, shall we go on to page 6 of the supplementary report?

Mr. McINTOSH: I have one more supplementary question. You are selling wheat to western Canadian millers for less than at the lakehead. Although the foreign buyers have to pay \$1.61 there is nothing in the act which says you can sell it for less than you charge foreign buyers, but you cannot sell it for more. Is that it?

Mr. McNAMARA: Actually, the situation is when we sell to a mill at Saskatoon wheat shipped from Maidstone, we deduct the freight from Fort William to Maidstone which is based on the Crowsnest pass rates. They do not get the benefit of the export rate on the movement when they have to move it from the mill.

Mr. EARL:

For market reasons Board asking prices for grades of Amber Durum wheat followed a different trend than asking prices for grades of Red Spring wheat. The following table shows monthly average Board quotations for No. 1 C.W. Amber Durum, along with high and low prices recorded each month from May 12, 1958 to May 15, 1959. All prices are basis in store Fort William/Port Arthur:

	High	Low	Average
	(dollars per bushel)		
May 12-31, 1958.....	1.93 ⁵ / ₈	1.92 ⁷ / ₈	1.93 ¹ / ₄
June.....	1.92 ³ / ₈	1.91 ¹ / ₈	1.92 ³ / ₈
July.....	1.92 ¹ / ₄	1.91 ³ / ₄	1.92
August.....	1.94 ³ / ₈	1.92 ¹ / ₈	1.93
September.....	1.96 ³ / ₈	1.94 ⁵ / ₈	1.95 ³ / ₈
October.....	1.95 ¹ / ₈	1.85 ¹ / ₂	1.90
November.....	1.86	1.85 ³ / ₈	1.85
December.....	1.85 ¹ / ₄	1.84 ⁵ / ₈	1.84
January, 1959.....	1.91 ³ / ₈	1.85	1.85
February.....	1.93 ⁷ / ₈	1.91 ⁵ / ₈	1.92
March.....	1.92 ¹ / ₄	1.91	1.91
April.....	1.91	1.89 ⁷ / ₈	1.90
May 1-15.....	1.90 ³ / ₄	1.90	1.90 ³ / ₈

As shown by the above table Board asking prices for No. 1 C.W. Amber Durum fluctuated within narrow limits during the period from May through September, 1958.

In October, 1958 a major adjustment in Board asking prices for No. 1 C.W. Amber Durum was effected as asking prices moved downward by close to 10 cents per bushel. Following this adjustment Board asking prices for No. 1 C.W. Amber Durum remained slightly above or below the level of \$1.85 per bushel until January 30, 1959. At this time Board asking prices for Durum grades were increased as part of the general adjustment in Lakehead pricing which has been previously described. During the balance of the selling period of the Pool, asking prices for No. 1 C.W. Amber Durum ranged between \$1.93 $\frac{1}{8}$ and \$1.89 $\frac{3}{8}$ per bushel.

Throughout the period under review Board asking prices for Amber Durum grades were the same for domestic use, for registration under the International Wheat Agreement and for sales on a Class II basis.

The following table shows the range of Board asking prices for the principal grades of Durum wheats during the selling period of the 1957-58 Pool:

	Range of Board Asking Prices	
	High	Low
	(dollars per bushel)	
No. 2 C.W. Amber Durum.....	1.95 $\frac{1}{2}$	1.81 $\frac{3}{8}$
No. 3 C.W. Amber Durum.....	1.81 $\frac{1}{2}$	1.67 $\frac{1}{8}$
Extra No. 4 C.W. Amber Durum.....	1.80 $\frac{1}{2}$	1.67 $\frac{3}{8}$
No. 4 C.W. Amber Durum.....	1.52 $\frac{7}{8}$	1.43 $\frac{3}{8}$

Demand for Durum grades of wheat was focused on No. 2 C.W., No. 3 C.W., and Extra No. 4 C.W. Amber Durums, and Board asking prices for these grades were maintained in a reasonably close relation with each other.

A different situation prevailed in respect to No. 4 C.W. Amber Durum. To effect sales, Board asking prices for this grade had to be maintained at a substantial discount under asking prices for higher grades of Durums. Reflecting market factors, the selling discount on No. 4 C.W. Amber Durum under No. 1 C.W. Amber Durum was 43 cents per bushel on May 12, 1958 when the 1957-58 Pool came under sale and very wide selling discounts prevailed until the closing date of the Pool on May 15, 1959.

The CHAIRMAN: Shall we proceed with 8?

Mr. HORNER (*Acadia*): Could the board explain how Durum wheat is used? Does it go into flour or macaroni?

Mr. McNAMARA: It is usually for macaroni purposes.

Mr. HORNER (*Acadia*): Spaghetti?

Mr. McNAMARA: Yes; the top grades. Five and six Durum usually is sold as feed wheat.

Mr. KORCHINSKI: While there was a sharp fluctuation in prices, was there any noticeable change in the marketing of Durum? Did it follow a trend that when the price went down you were able to capture more markets?

Mr. McNAMARA: Yes; especially as far as 4. C.W. Amber Durum was concerned, which is not a quality grain. It is no better than a lot of the Durum wheat available in many other countries in the world. We have to compete directly with these lower qualities. Our numbers 2 and 3 C.W. Durum are premium grades and are marketed pretty well exclusively in Switzerland and Germany where they recognize the quality factor. However, in order to compete with other Durums, we had to sharply lower the price of 4 C.W. in order to try to realize sales. Although we have had a good year in Durum, our exports this year will be one of the highest ever recorded. We have about three years' requirements in supply at the present time.

Mr. KORCHINSKI: Is our standard of Durum wheat higher than the other countries in the world?

Mr. McNAMARA: Our 1, 2 and 3 Durum wheat is the best in the world. It is as good as anybody's and we say it is the best.

Mr. McINTOSH: I have a question about freight rates and this differential. Does the pool lose money on wheat which they sell at St. Lawrence ports?

Mr. McNAMARA: No sir. It works this way: we raised the price at Fort William by 5 and $\frac{5}{8}$ cents, so the pool benefits to the extent that we sell for the domestic markets, and to the extent that we sell for direct shipment from the lakehead overseas, by the full 5 and $\frac{5}{8}$ cents. But on the wheat which moves all water via transfer Ports east, the benefit is less. The Port does not benefit on the wheat we move by rail. However we gain on the all water shipments and the overall pool benefits. We are securing for the producers the benefit of the seaway to the extent of 2 or 3 cents a bushel under present circumstances.

Mr. KORCHINSKI: What percentage of our grains are in the 1, 2, and 3 categories.

Mr. McNAMARA: We can get that information for you. We will have it for you in just a minute.

Mr. HORNER (*Jasper-Edson*): You will find it on page 1.

Mr. EARL: No, on page 6, under Durum, 7.55 per cent.

Mr. McNAMARA: Oh, we are back in the other report where, at page 6, under grade pattern you will see that numbers 1 to 4 Durum (including extra four Durum) show a percentage of 7.55 of our total wheat handling. We have the wheat all in together. There were 28 million odd bushels of number 1 to 4 including extra 4 Durums delivered.

Mr. KORCHINSKI: That includes four, and Mr. McNamara mentioned that our grades 1 to 3 are in it.

Mr. McNAMARA: In this particular crop year we can get the actual breakdown for you, but there was very little number 1 Durum, and a limited quantity of 2 and 3, extra 4, and 4 C.W. delivered. But in this past year that has been reversed, and the pool carry-over is going to be number 2 and number 3 Durum. We again will have a carry-over of quality Durum, not of low grade Durum.

The CHAIRMAN: Shall we now proceed with item 8?

Mr. EARL:

8. *Exports*

The following table shows Canadian exports of wheat and flour from May, 1958 to April, 1959, a period of time which approximates the selling period of the 1957-58 Pool Account:

	1958-59	1957-58
	(million bushels)	
May, 1958	39.0	23.3
June	30.8	25.1
July	25.6	22.5
August	25.6	27.4
September	18.3	24.2
October	29.2	21.4
November	25.4	31.2
December	23.1	23.1
January, 1959	21.4 ¹	22.0
February	20.2 ¹	21.3
March	21.1 ¹	23.3
April	22.2 ¹	26.7
Total	301.9	291.5

As shown by the above table exports of wheat (including flour) from May, 1958 to April, 1959 amounted to 301.9 million bushels as compared with 291.5 million bushels during the corresponding months of the previous year.

Exports of wheat (including flour) were at a high level during May, June and July, 1958. Apart from the month of September, 1958², exports were well maintained throughout the balance of the period under review.

The CHAIRMAN: Are there any comments on item 8? If not, let us proceed with item 9.

Mr. EARL:

9. *General Comment*

Following a satisfactory level of exports of wheat and flour during the May-July period of 1958 a new set of factors commenced to influence the international wheat position at the start of the crop year 1958-59. Of great importance was the level of international wheat production in 1958. For the second year in succession Western Europe harvested a bumper wheat crop. Wheat production in France, while smaller than in 1957, was above average. During the present crop year France has continued to export low-grade wheat, offsetting these exports with imports of Durums and milling grades of wheat, supplied in part by Tunis and Algeria. Wheat production in Italy increased sharply, thereby permitting Italy to enter the export market in substantial volume. With the exception of Ireland, Norway, Sweden and Yugoslavia, wheat production in 1958 was in excess of, or compared favourably with, 1957 production in all countries in Western Europe. There are indications that the U.S.S.R. harvested a very large wheat crop in 1958. In

¹ Subject to revision.

² No wheat shipments were made from Pacific Coast ports between August 21, 1958 and September 24, 1958, due to the strike of Longshoremen.

addition to substantial shipments of wheat to Eastern European countries, the U.S.S.R. has increased exports to Western Europe during the present crop year. Wheat production in Asia was well maintained in spite of smaller harvests in India and Syria. Production in North Africa exceeded production in 1957.

Of particular interest were production trends in traditional exporting countries. The 1958 Canadian wheat crop was of moderate proportions and not greatly different to the 1957 production. The greatest change occurred in the United States. The 1958 production is estimated at 1,462,219,000.0 bushels as compared with 950,662,000.0 bushels in 1957; a production gain of slightly over 500 million bushels. The existence of record wheat stocks in the United States at the commencement of the crop year 1958-59 was a market factor of increasing importance. Argentina harvested a crop slightly larger than in 1957. Following an adverse growing season in 1957, Australia produced an above average wheat crop in 1958 and returned as a normal exporter.

In summary, the international wheat supply position in 1958-59 reflects a continuance of a high level of production in importing countries, a phenomenal increase in production and stocks in the United States, a full recovery of production in Australia, normal production in Argentina and increased production in the U.S.S.R., resulting in larger wheat shipments to Western Europe.

United States disposal programmes continued to be an important factor in international trade in wheat. These programmes gained in momentum in the latter part of the selling period of the 1957-58 Pool. Of particular importance is the disposal of wheat and other grains under the revised barter programme announced in November, 1958.

As the crop year 1958-59 progressed the international wheat market became increasingly competitive, reflecting larger available supplies in all exporting countries with the exception of Canada and France.

The excellent milling quality of Canadian wheat from the 1957 and 1958 crops played an important part in the maintenance of Canadian exports.

The level of commercial sales of wheat was well maintained during the selling period of the 1957-58 Pool. In addition, the export movement of wheat and flour was materially increased by the action of the Government of Canada in continuing measures of assistance to Colombo Plan countries and to the United Nations Relief Works Agency.

The CHAIRMAN: Are there any comments?

Mr. KORCHINSKI: I do not know whether or not this is a fair comment. However, under the heading, general comments, I will make a general comment.

I am thinking about the new milling processes which were developed and how they will affect the Canadian position in the future. I understand that wheat of lower protein content will be used in the production of bread. I am wondering what our position will be in the future. Will we still be able to say that our wheat is the best and that you have to use it in mixing in order to bring up the quality?

Mr. McNAMARA: This is a development which we are watching with keen interest. Our research laboratory, particularly under the board of grain commissioners, is studying and watching the situation very carefully. We are not prepared to admit that the improvement in milling technique will be such that

it will replace quality. I am satisfied that as long as we can continue to produce quality wheat in Canada we will find markets in competition with any other producing done in the world.

The CHAIRMAN: The next item is 1957-1958 pool account—oats. It consists mostly of tables and statistics and concludes with general comment. Is it agreeable to take this as read?

Agreed.

1957-58 Pool Account—Oats

1. Receipts and Disposition

RECEIPTS

Receipts of oats in the 1957-58 Oats Pool were 60,389,754.5 bushels.* This total included 57,849,713.5 bushels delivered by producers from August 1, 1957 to July 31, 1958; an additional 41.0 bushels acquired from other than producers; and 2,540,000.0 bushels transferred from the 1956-57 Pool Account to the 1957-58 Pool Account.

DISPOSITION OF STOCKS

Completed sales from the 1957-58 Pool Account from August 1, 1957 to February 27, 1959 were 46,314,584.7 bushels. On February 27, 1959 unsold stocks of oats in the 1957-58 Pool amounted to 14,075,169.8 bushels, of which 10,468,000.0 bushels were covered by sales of futures. These stocks and futures contracts were transferred to the 1958-59 Pool Account in accordance with the provisions of Section 29 of the Canadian Wheat Board Act. Stocks of cash oats were transferred at the Board's quoted prices for the grades concerned on the closing date of the Pool; namely, February 27, 1959, less one cent per bushel for subsequent carrying charges and market risk. Futures were transferred on the basis of market closing quotations for the relevant futures on February 27, 1959. The transfer was approved by Order in Council P.C. 1959-411, April 3, 1959.

2. 1957-58 Pool Account—Oats

The following table shows the operating results of the 1957-58 Pool Account from August 1, 1957 to the closing date of the Pool, February 27, 1959:

	Bushels	
1. Oats acquired by the Board:		
(a) Producers' deliveries, August 1, 1957 to July 31, 1958.....	57,849,713.5	
(b) Oats otherwise acquired ¹	41.0	
(c) Purchased from 1956-57 Pool Account—Oats.....	2,540,000.0	
Total oats acquired.....	60,389,754.5	
	(Value)	(Value)
2. Cost of oats acquired.....		\$33,588,144.15
3. Proceeds of sales—August 1, 1957 to February 27, 1959	\$31,346,785.38	
Transferred to 1958-59 Pool Account as at February 27, 1959 ²	9,967,418.82	41,314,204.20
4. Gross surplus as at February 27, 1959.....		7,726,060.05

* Pool receipts were revised downward by 57.0 bushels as compared with receipts shown on Page 18 of the Annual Report of The Canadian Wheat Board for 1957-58.

	Bushels	
5. Operating costs—August 1, 1957 to February 27, 1959:		
(a) Carrying charges, including terminal storage..	5,179,699.92	
(b) Interest and bank charges.....	198,996.99	
(c) Freight recovery on export oats.....	(49,606.28)	
(d) Brokerage and Clearing Association charges..	12,391.51	
(e) Administrative and general expenses.....	255,907.21	
	5,597,389.35	
6. Surplus on operations of the Board on 1957-58 Pool Account—Oats, as at February 27, 1959.....		\$ 2,128,670.70

¹ Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

² For details of transfer see above.

3. Operating Costs

Net operating costs applicable to the 1957-58 Oats Pool, including carrying charges, amounted to \$5,597,389.35.

The principal item in operating costs was carrying charges which amounted to \$5,179,699.92, or 8.954 cents per bushel on producer deliveries. Interest and bank charges amounted to \$198,996.99. Administrative costs amounted to \$255,907.21, or .4424 cent per bushel. Brokerage and Clearing Association charges were \$12,391.51. Freight recoveries on oats shipped to the Pacific Coast ports amounted to \$49,606.28.

4. Surplus for Distribution to Producers

The surplus in the 1957-58 Oats Pool for distribution to producers was as follows:

Surplus on operations of the Board as at February 27, 1959.....	\$ 2,128,670.70	
<i>Deduct:</i> Prairie Farm Assistance Act levy.....	\$20,933.61	
Cost of issuing final payment.....	47,440.68	
	68,374.29	
		2,060,296.41
<i>Add:</i> Additional interest earned after February 27, 1959.....		12,130.51
Surplus for final distribution to producers.....		\$ 2,072,426.92

As shown by the preceding table the final surplus for distribution to producers amounted to \$2,072,426.92. On producers' marketings of 57,849,713.5 bushels, the average final payment was 3.582 cents per bushel.

The following table shows initial payments, final payments and prices realized by producers (basis in store Fort William/Port Arthur) for the principal grades of oats delivered to the Board in 1957-58 after deducting Board operating costs, including carrying charges in country and terminal elevators and Board administrative expenses:

	Initial Payment ¹	Final Payment ¹	Realized Price ¹
	(cents per bushel)		
No. 2 Canada Western.....	60	7.369	67.369
No. 3 Canada Western.....	57	4.179	61.179
Extra No. 1 Feed.....	57	3.639	60.639
No. 1 Feed.....	55	3.164	58.164
No. 2 Feed.....	50	6.088	56.088
No. 3 Feed.....	45	7.347	52.347

The final payment on the 1957-58 Oats Pool was approved by Order in Council P.C. 1959-412, April 3, 1959. The issuance of the final payment cheques to producers commenced on April 20, 1959 and was completed on April 24, 1959.

5. Purchases and Sales

The following table shows Board purchases and net sales of oats, by months, and stocks of oats held by the Board at the end of each month for the account of the 1957-58 Pool:

	Purchases	Sales	Unsold Stocks
		(bushels)	
August, 1957.....	2,286,853.0	—	2,286,853.0
September.....	9,381,661.1	—	11,668,514.1
October.....	6,780,070.2	—	18,448,584.3
November.....	5,038,187.4	—	23,486,771.7
December.....	3,177,979.6	93,168.1	26,571,583.2
January, 1958.....	3,028,046.7	87,045.3	29,512,584.6
February.....	1,700,407.0	97,465.6	31,115,526.0
March.....	1,818,177.7	49,759.8	32,883,943.9
April.....	1,852,914.8	783,888.1	33,952,970.6
May.....	6,343,192.7 ¹	9,343,857.0	30,952,306.3
June.....	6,409,312.2	21,983,053.6	15,378,564.9
July.....	12,572,952.1	3,067,941.0	24,883,576.0
August.....	—	1,226,508.7	23,657,067.3
September.....	—	371,348.7	23,285,718.6
October.....	—	4,917,749.6	18,367,969.0
November.....	—	1,339,078.1	17,028,890.9
December.....	—	1,574,519.4	15,454,371.5
January, 1959.....	—	8,892,790.2	6,561,581.3
February.....	—	6,561,581.3 ²	—
	<u>60,389,754.5</u>	<u>60,389,754.5</u>	

¹Includes 2,540,000 bushels purchased from the 1956-57 Pool Account on a flat basis.

²Includes adjustments required to close the 1957-58 Pool Account as at February 27, 1959.

The above table shows the pattern of Board purchases and sales for the account of the 1957-58 Pool. During the period from August through November, 1957 all sales were for the account of the 1956-57 Pool. From December through April, 1958 Board sales were principally for the account of the 1956-57 Pool which was closed as at May 9, 1958. During this period, however, small sales of oats were made for the account of the 1957-58 Pool. These sales consisted of grades of oats which could not be supplied from remaining stocks in the 1956-57 Pool. With the opening of navigation in the spring of 1958 substantial sales were made from the 1957-58 Pool. In August and September sales were light but improved during October. Only moderate sales were effected in November and December.

Early in 1959 the level of sales improved, enabling the 1957-58 Pool Account to be closed as at February 27, 1959.

6. Pricing.

The following table shows monthly average Board quotations for No. 1 Feed Oats, along with high and low prices recorded each month from May 11, 1958 to February 27, 1959. All prices are basis in store Fort William/Port Arthur:

	High	Low	Average
	(cents per bushel)		
May 11-31, 1958.....	65 $\frac{1}{4}$	64 $\frac{3}{4}$	64 $\frac{7}{8}$
June.....	71 $\frac{1}{4}$	65 $\frac{1}{4}$	66 $\frac{3}{8}$
July.....	76 $\frac{1}{4}$	71 $\frac{3}{4}$	73 $\frac{3}{4}$
August.....	74 $\frac{3}{4}$	71	73
September.....	72	68	70 $\frac{5}{8}$
October.....	69	67 $\frac{1}{4}$	68 $\frac{1}{8}$
November.....	68	67	67 $\frac{3}{4}$
December.....	69 $\frac{1}{2}$	67 $\frac{1}{4}$	68 $\frac{3}{4}$
January, 1959.....	70 $\frac{3}{4}$	69 $\frac{1}{2}$	70 $\frac{1}{8}$
February.....	72	70	71 $\frac{3}{8}$

The weakness in oats markets in the early part of 1958 continued through the month of May. In June and July prices strengthened under the influence of the 1958 growing season and improved demand. During the fall months of 1958 Board quoted prices for oats declined steadily. A moderate recovery in prices was recorded in the three-month period prior to the closing of the 1957-58 Pool.

7. *General Comment*

Marketing conditions during the selling period of the 1957-58 Oats Pool closely paralleled those of the 1956-57 Pool. Price levels were much the same and demand remained limited. The surplus for distribution to producers was due primarily to the reduced initial payments which came into effect on August 1, 1957, rather than to market factors.

Throughout the duration of the 1957-58 Oats Pool there was a continuous surplus of oats in commercial positions over and beyond possible export and domestic demand. This fact not only affected the selling prices for oats but also added substantially to carrying charges paid by the Pool. Total operating costs applicable to the 1957-58 Pool, including carrying charges, amounted to \$5,597,389.35, or 9.676 cents per bushel.

During the selling period of the 1957-58 Pool there was a marked reduction in the rate of utilization of western oats. For the period from May 1958 to February exports of oats were 12.3 million bushels as compared with 23.8 million bushels in the preceding corresponding months. The decline was largely in shipments to the United States. At the same time the rate of utilization of western oats in the domestic market declined moderately. The effect of the decline in the utilization of oats was lessened by the fact that the volume of oats delivered to the 1957-58 Pool was the smallest in recent years.

Of a more constructive nature is the fact that during the first half of the crop year 1958-59 a reduction in commercial stocks of oats was effected and farm stocks declined sharply. The Dominion Bureau of Statistics estimated that stocks of oats on western farms on March 31, 1959 were 135 million bushels as compared with 201 million bushels on March 31, 1958. These stocks, of course, include oats for seed and substantial stocks required for feeding purposes on farms, as well as surplus oats available for marketing.

Of total sales of 60,389,754.5 bushels, 47,875,000.0 bushels were sold in the futures market.

Mr. NASSERDEN: In this general comment it says:

The level of commercial sales of wheat was well maintained during the selling period of the 1957-1958 pool.

Is the consumption of wheat going down or up in Canada today in the domestic scene?

Mr. McNAMARA: So far as the domestic market is concerned, it is relatively constant disregarding the increase in population. The actual consumption per person appears to be going down, but the volume is relatively constant so far as wheat sales in Canada are concerned for milling purposes.

Mr. NASSERDEN: But we are using less per person.

Mr. McNAMARA: Yes.

Mr. HORNER (*Acadia*): How does the board arrive at its price for oats in Canada? If my neighbour sells oats to the elevator in my district and I want to buy those oats from the elevator how do you arrive at the price?

Mr. McNAMARA: The oats are purchased for pooling purposes at the initial payment guaranteed by the government. Our purchasing price to the producer in the first instance is the initial payment price. To the extent we can sell at a better level after deducting cost, it is reflected in the final payment. This previous year there was no final payments in oats, but this year we had a small payment. When you buy oats from the elevator you are buying it back from the board at our selling level, not our initial buying. The profit we realize on that sale will be reflected in the final payment to the purchaser.

Mr. KORCHINSKI: The government, to quite an extent, states the price.

Mr. McNAMARA: Under marketing conditions that have prevailed for the past two years that is correct. As a matter of fact, the initial payment price two years ago was higher than we were able to realize on the sale of oats, and treasury took a loss of \$2 million-odd. It became a guarantee price.

Mr. HORNER (*Jasper-Edson*): As a matter of fact, I understand we have exported to the United States a considerable amount of our oats. Is that so this year?

Mr. McNAMARA: Sale of oats to the United States which is the principle market for our oats, has been very disappointing this year. That is mainly due to the fact that the American produce not only a large crop of oats, quantity-wise, but the quality is exceedingly good and the oats is quite comparable with our oats, and so their demand for our oats was reduced. Our marketing to the United States was particularly disappointing this year. To some extent the new to the United States is not going to be as good; and we are hopeful we will regain our position in this market in the coming months.

Mr. HORNER (*Jasper-Edson*): What do we consider important, seed or feed?

Mr. McNAMARA: Mainly feed; although we have a good quality of Canadian seed which is merchandised in the United States. The race horses in the United States prefer our oats to their own oats, and we sell it to them.

Mr. HORNER (*Jasper-Edson*): What per cent of our oats is going to the United States this year?

Mr. McNAMARA: Yes, I think we have a figure on that, and we will give it to you in a minute. It is a relatively small share this year, as compared to last year. The overseas demand this year and overseas shipments this year are higher; but the home exports are down considerably.

The CHAIRMAN: Is it the desire of the committee that Mr. Riddel should read the general comment?

Mr. McINTOSH: I have a question on page 8, under disposition of stocks and the statement is made:

Stocks of cash oats were transferred at the Board's quoted prices for the grades concerned on the closing date of the pool; namely, February 27, 1959, less one cent per bushel for subsequent carrying charges and market risk.

What do you mean by "market risk"?

Mr. McNAMARA: In making a transfer we transfer and buy from an old pool and sell to the new pool; and we have to determine a price. In this particular pool we decided we should protect the new pool by transferring it at one cent below the current market price in effect that day. We have to make an allowance for market charges. We do not make any wheat transfer because there is no provision for the federal government to carry the charges. We make an allowance for the cost on the market of oats until it is merchandised and until we make the transfer.

Mr. HORNER (*Jasper-Edson*): Is the protein content of our oats higher than that of the American?

Mr. McNAMARA: It is weight per bushel and the protein content does not affect it.

Mr. HORNER (*Jasper-Edson*): But the protein content should affect its value.

Mr. McNAMARA: Yes. On this question of oat movement, up until June 10 our exports of oats during the current crop year to the United States have only been 1.3 million bushels compared to 19.6 million bushels last year at a similar date. Our total exports of oats during the crop year are 6.6 million bushels compared to 23.1 million this date last year.

We have had a very disappointing experience in merchandising oats this year, except to the domestic market.

Mr. HORNER (*Jasper-Edson*): Does it look as if it is going to go over into the next year?

Mr. McNAMARA: It may do. The farm disposal of oats has been exceptionally heavy this year, and the over-all position in oats will not be serious. The latest estimate we have from elevator agents still indicates that only 25 million bushels are being held on farms.

Mr. HORNER (*Acadia*): That is a very low figure. I do not see anywhere where there is a cost price on oats other than this initial payment or final payment, or realized payment. Cost, say, down here in Ontario to the farmer who wishes to buy oats: what is the price of that, in comparison? I know what it is in western Canada.

Mr. McNAMARA: Basis in store Fort William Port Arthur, plus the cost of forwarding to the various markets in eastern Canada, plus the mark-up.

Mr. HORNER (*Acadia*): What is the price Fort William/Port Arthur?

Mr. McNAMARA: Mr. Riddel points out less the freight subsidy paid by the federal government.

Mr. HORNER (*Acadia*): I realize that.

Mr. McNAMARA: In merchandizing oats the board sells basis in store Fort William/Port Arthur, plus the cost of forwarding. They take the oats, move them and sell them competitively in the eastern Canada markets. We do not make any shipments of oats in the name of the board to the eastern Canada markets.

Mr. HORNER (*Acadia*): What is the price, Fort William?

Mr. McNAMARA: I can give it to you.

Mr. HORNER (*Acadia*): Is this the price on page 10?

Mr. McNAMARA: Feed oats on June 10—the last card I have before me—the asking price was 70 cents a bushel, basis in store Fort William; on the seed oats, 67 cents per bushel.

Mr. NASSERDEN: It appears that the consumption of wheat per capita is going down in Canada, and wheat products are probably the cheapest food that Canadians have today. Is there any place in the regulations of the wheat board for you to advertise and point that out to the consumers in Canada?

Mr. McNAMARA: Oh, yes, we have full authority under our act to engage in a program of that kind. I think the thing would be for you and I to convince our wives that we should eat more bread.

Mr. HORNER (*Acadia*): The regulations are there, but you do not spend any amount of money on advertising?

Mr. McNAMARA: No, we have not. Our agents do a considerable amount of advertising in their own name in the various markets of the world; but within Canada we, as a board, do not do any advertising.

The CHAIRMAN: Item 7, General comment.

Mr. EARL: This next section deals with general comment:

Marketing conditions during the selling period of the 1957-58 Oats Pool closely paralleled those of the 1956-57 Pool. Price levels were much the same and demand remained limited. The surplus for distribution to producers was due primarily to the reduced initial payments which came into effect on August 1, 1957, rather than to market factors.

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Of total sales of 60,389,754.5 bushels, 47,875,000.0 bushels were sold in the futures market.

The CHAIRMAN: Gentlemen, are there any comments?

Mr. HORNER (*Acadia*): It appears that the operating costs are rather high, nearly 10 cents a bushel. I wonder if it could be explained what is taken in

on these costs. The farmer receives anywhere from 45 cents to 50 cents a bushel and that operating cost of 10 cents looks high.

Mr. McNAMARA: It is mostly carrying charges.

Mr. HORNER (*Acadia*): The charges of the elevator company.

Mr. McNAMARA: Storage and interest. The fact is a lot of oats delivered by producers under the quota has been carried for a considerable period of time. So far as oats are concerned, the government is not sharing the storage costs so all the costs go back to the producer.

Mr. HORNER (*Acadia*): In other words, oats that have been in elevators, and I imagine there is quite a bit?

Mr. McNAMARA: Yes.

Mr. HORNER (*Acadia*): So year after year after year it is mounting and quite a bit of oats are involved.

Mr. McNAMARA: Yes. For some time we have been carrying an abnormally large quantity of oats in commercial storage, and it affects the operating costs.

Mr. HORNER (*Acadia*): Has it ever been thought that it might be a good idea to put this oats on sale to local farmers? I know some question of this came up last year when it was considered a drought year was in the making in Saskatchewan and Manitoba. It was felt that some of this oats could be sold out of the elevators in these local points at a reduced price or an agreed price. Would you comment on that?

Mr. McNAMARA: I do not know the particular incident to which you refer, but generally we have felt, as I previously mentioned, that the stock of oats in commercial visible position is larger than normal. On several occasions we have been almost close enough to do business in the American market and this has encouraged us to believe the oats will start moving, and we are again in the same position today. The Americans today are showing quite an interest in our oats and we are hoping within the next few months that there will be considerable movement and the situation will be corrected.

Mr. HORNER (*Acadia*): In other words, there was no oats moved through this federal assistance to Saskatchewan and Manitoba; there was no oats sold to local points?

Mr. McNAMARA: At our regular price, but nothing at concessional prices.

Mr. McINTOSH: May I call it six o'clock; that clock is slow.

The CHAIRMAN: Mr. McNamara has made a suggestion that as there is very little more to do perhaps we could finish it.

Mr. HORNER (*Acadia*): Let us finish it then.

Mr. HORNER (*Jasper-Edson*): I think we should adjourn. Are we going to have that definition of "producer" tomorrow?

Mr. McNAMARA: We have it ready now, if you would like to have it.

The CHAIRMAN: I see we are below a quorum, and it is not the wish of the committee that we carry on.

Mr. McNAMARA: Could I inquire when the committee will be meeting again, as we would like to make arrangements for those who have to stay over.

The CHAIRMAN: At 9.30 a.m. tomorrow.

Mr. McINTOSH: Could we have that definition read into the record before we adjourn.

Mr. HORNER (*Acadia*): After we have completed the wheat board, will we proceed to the board of grain commissioners?

The CHAIRMAN: Yes.

Mr. RIDDEL: Mr. Chairman, do you wish me to read this definition now?

The CHAIRMAN: Order, gentlemen. Would it be agreeable if we tabled it as read?

Mr. MCINTOSH: How long is it?

Mr. RIDDEL: One page.

Mr. FORBES: Why not table it and we will see it in the report.

Mr. HORNER (*Jasper-Edson*): Let me read it; I want to ask some questions about it.

The CHAIRMAN: I guess it would be better if we left it until the morning, if you want it read.

Mr. HORNER (*Jasper-Edson*): I suggest then that we have it read in the morning.

—The committee adjourned.

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

Report of the Canadian Wheat Board for Crop Year 1957-58 and
Report of the Board of Grain Commissioners for Canada, 1958.

THURSDAY, JUNE 25, 1959



WITNESSES:

From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner; W. Riddel, Assistant Chief Commissioner; and W. E. Robertson, Commissioner. *From the Board of Grain Commissioners:* Messrs. S. Loptson, Commissioner; E. E. Baxter, Chief Statistician; W. J. MacLeod, Secretary; P. Fraser, Assistant Chief Grain Inspector; and Dr. G. N. Irvine, Assistant Chief Chemist.

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

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

Argue,	Gundlock,	Muir (<i>Lisgar</i>),
Barrington,	Hales,	Nasserden,
Boivin,	Hardie,	Noble
Boulanger,	Henderson,	O'Leary,
Brunsdon,	Hicks,	Pascoe,
Cadieu,	Horner (<i>Acadia</i>),	Peters,
Campbell (<i>Lambton-</i> <i>Kent</i>)	Horner (<i>Jasper-Edson</i>)	Phillips,
Casselmann (Mrs.),	Howe,	Racine,
Charlton,	Kindt,	Rapp,
Cooper,	Korchinski,	Régnier,
Crestohl,	Lahaye,	Robinson,
Doucett,	Latour,	Rompré,
Dubois,	Leduc,	Rowe,
Dupuis,	Létourneau,	Smith (<i>Lincoln</i>),
Fane,	McBain,	Southam,
Fleming (<i>Okanagan-</i> <i>Revelstoke</i>),	McIlraith,	Speakman,
Forbes,	McIntosh,	Thomas,
Godin,	McMillan,	Tucker,
	Michaud,	Villeneuve.
	Milligan,	

M. Slack,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, June 25, 1959.

(15)

The Standing Committee on Agriculture and Colonization met at 9.30 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Boulanger, Brunsdon, Charlton, Cooper, Dubois, Fane, Forbes, Hales, Henderson, Hicks, Horner (*Acadia*), Horner (*Jasper-Edson*), Howe, Korchinski, McIntosh, Nasserden, Noble, Pascoe, Rapp, Régnier, Rompré, Smith (*Lincoln*), Southam, Speakman, Stanton, and Thomas. (26)

In attendance: From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner; W. Riddel, Assistant Chief Commissioner; W. E. Robertson, Commissioner; C. E. G. Earl, Comptroller; and C. B. Davidson, Executive Assistant.

The Committee resumed consideration of the Supplementary Report of the Canadian Wheat Board.

Messrs. McNamara and Riddel supplied answers to questions previously asked dealing with eligibility of producers for permits, and were further questioned.

The following sections of the Supplementary Report were approved:
1957-58 Pool Account—Wheat, and Auditors' Report

The Committee then reverted to consideration of Part I of the Report of the Canadian Wheat Board for Crop Year 1957-58.

The following sections of Part I of the Report were approved:

8. 1957-58 Pool Account—Oats
9. 1957-58 Pool Account—Barley
10. Payment Division
11. Legal Department
12. The Canadian Wheat Board
13. Staff and Officers
14. Advisory Committee.

Part II of the Report—Financial Statements (including Exhibits I to VII) were approved.

Part III—Auditors' Report was approved.

Part IV—Statement of Advance Payments to Producers under the Prairie Grain Advance Payments Act—was approved.

The Addenda to the Annual Report, containing statistical tables I to XXIII, was approved.

On behalf of the Committee, the Chairman expressed his appreciation to Mr. McNamara and his officials for their assistance rendered to the Committee.

At 11 a.m., the Committee adjourned until 3.00 p.m. this day.

AFTERNOON SITTING

(16)

The Standing Committee on Agriculture and Colonization resumed at 3.00 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Boulanger, Campbell (*Lambton-Kent*), Charlton, Fane, Forbes, Gundlock, Hales, Henderson, Horner (*Acadia*), Horner (*Jasper-Edson*), Howe, Korchinski, Lahaye, McIntosh, Milligan, Nasserden, Rapp, Southam, Speakman, Stanton, and Thomas. (21)

In attendance: From the Board of Grain Commissioners: Messrs. S. Loptson, Commissioner; W. J. MacLeod, Secretary; E. E. Baxter, Chief Statistician; P. Fraser, Assistant Chief Grain Inspector; and Dr. G. N. Irvine, Assistant Chief Chemist.

The Committee proceeded to the consideration of the 1958 Report of the Board of Grain Commissioners for Canada.

The Chairman introduced Mr. Loptson who, after expressing the regrets of Mr. Milner, the Chief Commissioner and of Mr. G. McConnell, Commissioner, for being unavoidably absent, then introduced the other officials of the Board of Grain Commissioners.

Mr. Loptson was questioned together with Messrs. Baxter, Fraser and MacLeod and supplied additional information.

The following Sections of the Report were approved:

1. Grain Supplied and Disposition—Crop Year 1957-58
2. Marketings
3. Country Elevator Shipments
4. Terminal Handlings
5. Eastern Elevator Handlings
6. Exports
7. Domestic Usage
8. Carryover
9. Licensing and Bonding
10. Assistant Commissioners
11. Prosecutions
12. Defaults
13. Shortages and Overages, Country Elevators
14. Regulations and Orders
15. Committees on Grain Standards

Agreed.—That this Committee sit again this evening at 8.15 p.m.

At 5.50 p.m., the Committee adjourned until 8.15 p.m. this day.

EVENING SITTING

(17)

The Standing Committee on Agriculture and Colonization resumed at 8.15 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Campbell (*Lambton-Kent*), Charlton, Cooper, Doucett, Fane, Forbes, Gundlock, Henderson, Horner (*Acadia*), Horner (*Jasper-Edson*), Howe, Korchinski, McBain, McIntosh, Milligan, Nasserden, Peters, Rapp, Southam, Speakman, Stanton, and Thomas. (22)

In attendance: From the Board of Grain Commissioners: (Same as afternoon sitting).

The Committee resumed consideration of the Report of the Board of Grain Commissioners for Canada for the year 1958.

The following sections of the Report were approved:

16. Inspection of Grain
17. Research
18. Weighing of Grain
19. Weighover of Stocks, Terminal and Eastern Elevators
20. Entomological Investigations
21. Terminal and Eastern Complaints
22. Complaints on Export Shipments
23. Statistics
24. Information Program
25. Canadian Government Elevators
26. Lake Freight Rates
27. Prairie Farm Assistance Act
28. Organization and Personnel
29. Expenditure and Revenue
30. Appendices "A" to "K" inclusive and related Tables were approved.

The Chairman extended to Mr. Lopton and his colleagues the appreciation of the Committee for their assistance.

At 9.30 p.m., the Committee adjourned to the call of the Chair.

M. Slack,
Clerk of the Committee.

EVIDENCE

THURSDAY, June 25, 1959.
9.30 a.m.

The CHAIRMAN: Gentlemen, I believe we have a quorum. Kindly come to order. I shall ask Mr. McNamara to read a table which was requested yesterday, I believe.

Mr. W. C. McNAMARA (*Chief Commissioner, The Canadian Wheat Board*): These are just figures that one of the members asked us to make available with regard to the grades of Durum that were delivered into the 1957-58 pool. These are just working figures, or approximate figures, not completely accurate, probably, but I think they will give the committee the information they wanted. The pattern of Durum delivery into the pool was as follows:

- No. 1 CW Amber Durum, 27,000 bushels
 - No. 2 CW Amber Durum, 4,550,000 bushels.
 - No. 3 CW Amber Durum 11,454,000 bushels.
 - Extra 4 CW Amber Durum, 5,900,000 bushels.
 - 4 CW Amber Durum, 6,500,000 bushels.
 - 5 CW Amber Durum, 727,000 bushels.
 - 6 CW Amber Durum, 65,000 bushels.
- And other grades, including off grades, about 320,000 bushels.

As I stated these are not definite figures, but I think they will indicate the pattern of deliveries that I believe you wanted.

Mr. KORCHINSKI: May I have the figure for Number 1 again please?

Mr. McNAMARA: It was 27,265.

Now we have another statement which I think was requested. One of the members wanted us to put on the record a statement regarding our policy in respect to the issuance of permits. Mr. Riddel will read that statement.

Mr. W. RIDDEL (*Assistant Chief Commissioner, The Canadian Wheat Board*): Mr. Chairman, I would like to read a statement:

In compliance with the provisions of the Canadian Wheat Board Act, the Board is prepared to issue to an applicant a delivery permit book, provided that he is a producer of grain within the meaning of the Act and that the land on which his grain is grown is farmed by him or for his account and is not included in whole or in part in any permit book already issued or cannot be considered as forming part of any lands already described in a permit book which are farmed as a unit.

Each such application is considered on its merits and, where any doubt exists as to the right of the applicant to entitlement of a permit book, the Board gives consideration to any pertinent evidence furnished or available to it. In this regard such factors as evidence of title to or lease of the lands, former operations of the lands, particularly where a family relationship or a minor is involved, whether or not the grain is stored or to be stored separately on the farm or intermingled with grain grown on other lands, and other relevant factors which would indicate whether or not the lands are farmed as a separate and independent entity by a producer of grain within the meaning of the Act are taken into consideration.

Where doubt still remains as to the eligibility of the applicant, the Board would, in all probability, submit the application to its district inspector for further investigation on his next visit to the applicant's shipping point and for personal consultation with the applicant.

The same factors of determination are considered in the investigation of any case coming to the attention of the Board where there are grounds for belief that a person is the holder of a permit book to which he is not legally entitled. If such factors are not considered sufficient to establish the right of such person to the permit book, proof may be requested of the holder as to the ultimate ownership of proceeds of grain delivered under the permit book by reference to banking records and the payment of municipal taxes on the lands described in the permit book.

Mr. Chairman, I would like now to refer to the act for a minute and give you one or two definitions contained therein. The first is that of actual producer.

"actual producer" means a producer engaged in the production of the grain;

The definition of producer is:

"producer" includes as well as an actual producer, any person entitled as landlord, vendor or mortgagee, to the grain grown by an actual producer, or to any share therein;

The definition of grain within the meaning of the act is as follows:

"grain" includes wheat, oats, barley, rye and flaxseed;

Then, turning now to section 18 of the act, under the heading of permit book, section 18 states as follows:

(1) Subject to the provisions of this Act, a producer may require the Board to issue a permit book authorizing the delivery of grain produced on the land comprising the farm of the producer.

(2) The actual producer of grain on any land has the prior right to possession of the permit book in which such land is described but shall make the permit book available to any other producer entitled to deliver grain thereunder on the request of such producer.

Just for clarification, I may say that on the advice of our counsel, we consider grain to be the five grains mentioned in the act, namely, wheat, oats, barley, rye and flaxseed: and to be a producer of one or other of these five grains he must produce them on the land to be described in the permit book.

The other point I was to mention is that provided that the applicant is fully eligible in all respects, regardless of the fact that he may be a minor, that fact in itself will not preclude him from obtaining a permit book.

Mr. McINTOSH: Would you please define farm unit?

Mr. RIDDEL: There is no definition in the act.

Mr. McNAMARA: Just a second, we may have one.

Mr. McINTOSH: Perhaps that covers the point.

Mr. RIDDEL: There is no definition in the act of a farm unit.

Mr. RAPP: Mr. Chairman, in what year was that act drafted?

Mr. RIDDEL: The first act was drafted in 1935 and there have been amendments to the act since then.

Mr. RAPP: We have the definition of a producer. I brought that up previously. Since that time, farmers have raised about 800,000 acres of rapeseed. Why should not a producer of rapeseed be classified as a producer? According to the definition, producers are only those who raise oats, wheat, barley, rye and flax. However, since that time conditions definitely have changed.

Just a few years ago—perhaps a couple of years ago—Canada produced over 800,000 acres in rape. Why should not the producer of rape be classified as a producer under the act? I think it should be amended or revised.

Mr. RIDDEL: In the opinion of our counsel, Mr. Chairman, it would require an amendment to the act to include rapeseed as grain within the meaning of the act.

Mr. HORNER (*Acadia*): Do you think that amendment should be made?

Mr. RIDDEL: So far as our board is concerned, we do not in any way control the delivery of rapeseed or handle the marketing of rapeseed.

Mr. HORNER (*Acadia*): But your agents handle it; do they not?

Mr. RIDDEL: They handle it independently of the board.

Mr. COOPER: I fully realize the task which the wheat board has in issuing permit books. In some cases, we know there are two or three permit books in a family. I, for one, would like to see this problem cleaned up. On the other hand, however, the farmer who wants to set up his son cannot buy him a whole line of implements and put him on a farm in order for him to get a permit book. I think this should be stiffened in some instances, and that there should be a little more leniency in respect of the young farmer who wants to get started. I think the farmer should be able to get a permit book for his son who wants to stay on the farm and become a farmer. We are losing a portion of our population on the farms, and some of it is lost on that account.

An HON. MEMBER: There are other reasons.

Mr. COOPER: There are some other reasons.

Mr. RIDDEL: There was no mention made of implements or ownership of farm machinery in this statement.

Mr. COOPER: There is on the questionnaire which was sent out.

Mr. McNAMARA: The question is asked in our questionnaire. At one stage we did use the ownership of the implements as one of the criteria. It has been pointed out by members of this committee that nowadays that is not a fair yardstick to use, because even independent farmers are exchanging machinery. It is no longer a factor in the decision.

Mr. McINTOSH: In respect of the definition of producer, you said, "other than any other permit book now issued". We have problems with the permit books which you have issued. In some cases, you know, they are entitled to separate permit books. I do not think that phrase or clause should be left in there because some of the permit books which now are issued will have to be changed. In order for the definition to mean anything, I think we have to clarify what actually is meant by a farm unit; otherwise, it wipes out everything else you have said because you can say at your discretion what is a farm unit and we cannot explain to our constituents what a farm unit is. In one case it will mean one thing and in another case the opposite. Can you say anything on that?

Mr. McNAMARA: The only remark I can make is that parliament in the act has not defined what is a farm unit. It is left to our judgment. We have to exercise our judgment. It is pretty hard to define in language just what

our judgment will be. There are so many different cases that we have to review them individually in every case and decide to the best of our ability on the particular case presented to us.

Mr. McINTOSH: We will just have to keep on fighting the cases the way we have in the past.

Mr. McNAMARA: I can think of no rule which could be written into the statute to deal with all the cases.

Mr. McINTOSH: Could you give us a rough outline of what you call a farm unit, remembering the question Mr. Cooper asked you concerning farmers who are trying to get their sons started on farms.

Mr. McNAMARA: I think in the statement we have made this morning we have set out the general criteria we use. I do not know how we could expand on that.

Mr. KORCHINSKI: You indicated that one of the criteria is whether or not a farmer pays his own taxes. If he does not have a permit book, he does not have his own money and he cannot pay his taxes.

Mr. RIDDEL: The reference to payment of municipal taxes is in this last part where we refer to grounds for believing that a person is a holder of a permit book to which he is not legally entitled. In that case, he would deliver grain under the permit book and then we might find out he actually paid the taxes on the land or that the taxes on the land were actually assessed to him; that would be something in the nature of proof that he is the producer under the act.

Mr. KORCHINSKI: Could we have figures indicating, for the last three year, for example, how many applications have been turned down on this question?

Mr. McNAMARA: I am sorry; we do not have a breakdown of that nature here. It could be secured, but it would be quite a job to go through all the applications. I think, gentlemen, we understand the position. We are very conscious of the problem of minors. It is developing more and more. As a board we certainly do not want to enforce any regulation which discourages young persons in staying on the farms. We are as conscious of the problem as you are.

On the other hand, we feel we should protect the holders of permits and not issue them willy-nilly and have a situation where some families have advantages over others. We want to be sure, when a son applies for a permit book, that he is entitled to it before we issue it. We are trying to use our best judgment in that respect.

Mr. KORCHINSKI: Will you tell me whether or not there has been an increase in the last year in the number of refusals in respect of issuing permit books?

Mr. McNAMARA: I would say it is the opposite. I think we have issued more permits in the last year, although we have picked up quite a number which were not issued properly. The people obtain the permits and then, when we get around to checking them, we find in some cases two were issued this year where only one had been issued last year. We check those.

Mr. KORCHINSKI: Has there been an increase in the number of applications?

Mr. McNAMARA: Yes; we have been flooded with requests for new permits.

Mr. HORNER (*Jasper-Edson*): I think this is very important to the people in my area. This is a stack of letters I have in this respect. First of all, I am very happy to hear in your definition that you do not mention any actual year in which the man had to produce the grain. These farm units about which I am speaking are cases of people who have not a permit and where there is nobody in the family who has a permit.

If you will not issue these permits and if your counsel and the counsel I secured agree that they ordinarily produce grain and are legally entitled to a permit book, how do you suggest that these people are going to get their permit books?

Mr. McNAMARA: I think we should have a clear understanding of what the issue is. I know Dr. Horner will not disagree when I say these applications to which he is referring are not for permit books under the Canadian Wheat Board Act to enable producers to deliver grain, but applications for eligibility to secure the acreage payment which the government has authorized.

Mr. HORNER (*Jasper-Edson*): I disagree.

Mr. McNAMARA: May I continue, Mr. Chairman?

The CHAIRMAN: Proceed.

Mr. McNAMARA: Dr. Horner said he was glad that we have not indicated any year. I suggest to you that a producer who, 20 years ago, grew two acres of wheat and now claims he was a producer some time in the past makes it very difficult for us to satisfy ourselves that he is a wheat producer today. In many instances these people are producers of forage crops. They may have grown grain some time in the past which would have made them eligible at that time for a wheat board permit, but we have to satisfy ourselves at the present time that they are actually producing wheat, oats, barley, rye or flaxseed. As Dr. Horner is aware, we have rejected applications where it would appear from the evidence we can secure—and we have investigated quite a number of these cases from that area, where the most serious problem is; I will admit that—that they are not actually growing the above crops; but in many instances we have issued permits that they have never requested before because we have satisfied ourselves they are grain producers, although they have no evidence and have never in the past marketed any grain into commercial channels. In other instances, where the evidence we have received is to the effect that they are sole producers of forage crop seeds, we have not considered under our act that we should issue them a delivery permit for the purpose of making them eligible to secure the \$1 an acre payment.

As I advised the committee earlier, our board is acting only as the agent for the federal Department of Agriculture; we do not make these payments. Under the government's regulations they rule that payments must be made to people who were holders of wheat board permits. I believe the intent was to issue permits to people to whom we would normally issue them under the provisions of the act. I suggest that if it is the intention of the government that acreage payments should be made to producers of forage crop seed or sunflower seed, beets or other agricultural commodities, so far as the wheat board is concerned, we have no objections at all; we will be pleased to make such payments for the government if the Department of Agriculture who are responsible for this act will instruct the Canadian wheat board to make the payments to this type of producer. I assure you the cheques will be forwarded immediately.

Mr. HORNER (*Jasper-Edson*): I do not want to put this thing in the wrong light. These people for whom I am arguing are not solely producers of forage seed. They are small farmers in a new developmental area who are not primarily producers of forage seed but forage feed and mixed farming. For one reason or another in the crop year 1958-59, they do not have any grain sown. I think they are being discriminated against because if they had five acres of grain at any time they would have been eligible. I think they are being discriminated against because if they had any summerfallow of any kind, or their whole farm in it, they would have been eligible. In my area the growing of forage crops for hay and pasture is the equivalent to summerfallow. I have

received letters from people in my area who have carried over grain. Some have been given permits and some have not. Also, I have a letter from a chap who says he cannot get a permit to sell the grain he had on hand from the year before. These people are not primarily producers of forage seed; they are ordinarily grain producers within the true meaning of the act. In other words, they grow grain, they grow forage seed and they are mixed farmers. Most of them are small farmers.

I do not want to take up the time of the committee but I think this should be put on the record. Ordinarily, these people do not grow a lot of grain because they have not the elevator space or the railway service in that particular area of Alberta which other areas have; also, because we have not the roads that other areas have. It is a new agricultural area. As far as I am concerned, these people are being discriminated against because they have not been issued with permits.

I agree that perhaps the government should have made an amendment but they have left it up to the fact of whether or not they can get a permit book. It is my contention, and it is backed up by your counsel, that as long as they can show they have grown grain—and I am willing to go back two years—in these prior years that they are ordinarily producers of grain within the legal meaning of the act and, therefore, entitled to a permit book. Your legal counsel agrees, and mine agrees, and yet they are not issued a permit book.

Mr. McNAMARA: I think, as Dr. Horner knows—and we have submitted to him the opinion of our counsel—our counsel still advises us that as a board under our act we must satisfy ourselves that these people are producers of grain, and we have been unable to satisfy ourselves, when, after an examination, we find they are only producing forage crop seeds. It is a problem. Although I do appreciate that it is more acute in this particular area of the west, it is not confined solely to that particular area. We have a number who are producing sunflower seeds, sugar beets who are coming to us and saying: yes, now we had a few acres of oats and barley and, therefore, with our cultivated acreage, we should be eligible. I have said, as I have to Dr. Horner privately, that if it is the intention of the government to make these acreage payments to all producers of forage crops, sunflower seeds, they should so advise us and, as the instrument of the government in making the payment, we would start making the cheques out when we get a directive. I suggest this question should be referred to the Department of Agriculture, who are acting as their agents.

Mr. SPEAKMAN: I would like to comment further in connection with what Dr. Horner has said. I have some of those very people in my area and I would like to point out that the production of forage crops is not the sole crop. They use it on a rotational basis to build up their soil to make it more productive for grain. You mentioned sunflower and sugar beets; these are specialized crops in other areas. I think these people are being discriminated against. I would just like to add that comment to what Dr. Horner has said.

Mr. McNAMARA: I am not arguing against these proposals; I have every sympathy with you. I am suggesting if it is the intention of the government that they should get the payments, have the government advise us and we will issue them and charge it to the government.

Mr. HORNER (*Jasper-Edson*): They have advised that all bona fide farmers are entitled to it.

Mr. McNAMARA: Not quite.

Mr. SPEAKMAN: Agricultural producers.

Mr. McNAMARA: Our interpretation of what the government has told us in order for them to be eligible is that to receive the wheat board permit they had to be producers of oats, wheat, barley, rye and flaxseed. If it is the wish

of the committee to recommend to the Department of Agriculture that all these producers receive the acreage payment, and if the government agrees and we are instructed, we will make the payments. It is not our money; it is the Department of Agriculture's money.

Mr. RAPP: I would like to ask Mr. McNamara would it be his opinion that rapeseed producers should be classified as producers? I would like to have your opinion, Mr. McNamara, because I am going to get no damn place here with this rape. I would like to have it on the record to show that I have made a point of it.

Mr. McNAMARA: I do realize that there has been a change in the production pattern regarding wheat and that rapeseed is becoming a very important commodity. I also appreciate that under the Canada Grain Act rapeseed is now considered as a grain and the Board of Grain Commissioners have regulations under which it is handled through country elevators. It might be possible for the government to amend their act and include rapeseed as a grain, although it would not all be to the advantage of producers, because that would mean, under certain conditions, we might have to quota rapeseed. If this production of rapeseed increases, it might be necessary to regulate the delivery of it to country elevators under certain conditions. But as far as the board is concerned, I would not suggest we be given the authority to handle the marketing of rapeseed. I do think the government—and I am sure they are giving consideration to this—should decide whether or not rapeseed should be defined in our act as a grain—which would mean that we would have control over the delivery, the same as we have over flax and rye, which we do not market. I, personally, can see no objection.

Mr. RAPP: As far as the danger of increase production is concerned, I do not think we need to worry about it, because this year there are about 225,000 acres less production than there was in other years. We had a chance to increase, and that was the time we used to get six or eight cents, and the production never went over 800,000 acres—so I do not think there is any danger of having any increase in rapeseed production.

Mr. HORNER (*Acadia*): Under the present regulations it appears to me that rapeseed is compared to forage crops, and I think that is a wrong comparison. Rapeseed should be compared to flaxseed, because they are both oil bearing and both of them are grown for a similar purpose. I think rapeseed should be included in that definition of "grain". It is in another act, and it should also be in your act.

Mr. PASCOE: Going back to Dr. Horner's comments, and to clarify the situation in my mind in case the committee has to decide on this: can he tell us whether this is the first year farmers have tried to obtain permit books?

Mr. HORNER (*Jasper-Edson*): Normally it has not paid them to truck their grain to the elevators because of the distance involved. This is not only a problem in my area, but also in the Peace river country. We have not got the elevator space, we have not got the roads, we have not got the proximity of the small towns and elevator stations in the area.

Mr. PASCOE: But this is the first year?

Mr. HORNER (*Jasper-Edison*): Yes. Some of them have been farming there for 40 years without a permit book. They are producers of grain, and have been producers of grain.

Mr. McINTOSH: I wonder if the wheat board could tell us if there is any other classification they can see that would have the same problem? I agree with the explanation Mr. McNamara has given, that according to their act they are only allowed to issue permit books to those laid down under the act,

although I do not believe it was the intention of the government that the people Mr. Rapp and Dr. Horner are referring to should not get the acreage payment, because farmers are going through a transition period right now and are being asked to get away from wheat, diversify their farming and produce other grains. Is it just the rapeseed and forage crops of people engaged in that type of farming that would require you to issue additional permits, or is there another classification?

Mr. McNAMARA: Since the acreage payment was authorized there have been a number of requests from producers of other types of products, sunflower seeds, peas, soya seed, rapeseed, beans, corn, buckwheat. It has all been suggested to us that because they are producers of these, they should be entitled to a wheat board permit book and be eligible for the acreage payment. Under our act rapeseed and forage crops are not grains.

Mr. McINTOSH: But it is a question that—if taken up with the Department of Agriculture—we would have to discuss.

Mr. NASSERDEN: It is only a matter of time until rapeseed is going to be classed as grain under the Wheat Board Act, because it has taken acreage out of wheat and sooner or later producers are going to demand that it be classed as grain, as it takes up elevator space that producers of wheat, oats and barley could use at some of these points. Without having a quota, they are able to take advantage of that position and take up this space that otherwise would go to the producers of wheat, oats and barley.

Mr. KORCHINSKI: I wonder if you have any indication of how many permit books have been issued to producers of beans, sunflower seed, rapeseed, and so on—how many would be involved?

Mr. McNAMARA: It is pretty hard to estimate, although an office survey was made and it would indicate the acreage taken—if it is extended to all these producers—might involve another \$10 million and would be up in the \$50 million region. It is just a wide guess, but that might be a guide.

The CHAIRMAN: Can we refer now to the supplementary report, page 12?

1957-58 POOL ACCOUNT—BARLEY

1. Receipts and Disposition

RECEIPTS

Receipts of barley in the 1957-58 Pool were 117,390,477.8 bushels.¹ This total included 116,405,633.9 bushels delivered by producers between August 1, 1957 and July 31, 1958; an additional 20,151.6 bushels received from other than producers; and 964,692.3 bushels transferred from the 1956-57 Pool to the 1957-58 Pool as at May 9, 1958.

DISPOSITION OF STOCKS

Sales of barley from the 1957-58 Pool Account amounted to 110,716,361.0 bushels, leaving 6,660,832.3 bushels of unsold stocks to be transferred to the 1958-59 Pool. The latter stocks, fully covered by sales of futures and consisting principally of No. 1 Feed and No. 2 Feed Barley, were transferred as at the close of business on February 27, 1959 on the basis of the Board's quoted prices for the grades concerned, less 1½ cents per bushel for subsequent carrying charges. Futures were transferred on the basis of closing prices on the date of transfer. The transfer was approved by Order in Council P.C. 1959-412, April 3, 1959.

2. 1957-58 Pool Account—Barley

The following table shows the operating results of the 1957-58 Pool Account from August 1, 1957 to the closing date of the Pool, February 27, 1959:

	Bushels		(Value)
1. Barley acquired by the Board:			
(a) Producers' deliveries, August 1, 1957 to July 31, 1958.....	116,405,633.9		
(b) Barley otherwise acquired ②.....	20,151.6		
(c) Purchased from 1956-57 Pool Account— Barley.....	964,692.3		
Total barley acquired.....	117,390,477.8		
2. Cost of barley acquired.....		(Value)	\$ 104,157,933.49
3. Proceeds of sales—August 1, 1957 to February 27, 1959.....		\$ 108,783,253.38	
Transferred to 1958-59 Pool Account as at February 27, 1959 ③.....		6,470,716.43	115,253,969.81
4. Gross surplus as at February 27, 1959.....			11,096,036.32
5. Operating costs—August 1, 1957 to February 27, 1959:			
(a) Carrying charges, including terminal storage.....	4,862,703.43		
(b) Interest and bank charges.....	12,048.46		
(c) Freight recovery on export barley.....	(697,299.28)		
(d) Diversion charges on export barley.....	145,983.90		
(e) Drying charges.....	21,496.90		
(f) Brokerage and Clearing Association charges.....	12,874.69		
(g) Administrative and general expenses.....	502,567.19		4,860,375.29
6. Surplus on operations of the Board on 1957-58 Pool Account—Barley, for the period August 1, 1957 to February 27, 1959.....			\$ 6,235,661.03

① Total receipts were revised upward by 14,988.0 bushels as compared with receipts shown on Page 21 of the Annual Report of The Canadian Wheat Board for 1957-58.

② Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

③ For details of transfer see above.

3. Operating Costs

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

Net operating cost applicable to the 1957-58 Barley Pool were \$4,860,375.29.

4. Surplus for Distribution to Producers

The surplus in the 1957-58 Barley Pool for distribution to producers was as follows:

Surplus on operations of the Board as at February 27, 1959.....		\$ 6,235,661.03
Deduct: Prairie Farm Assistance Act levy.....	\$ 61,827.57	
Cost of issuing final payment.....	79,554.74	141,382.31
Add: Additional interest earned after February 27, 1959.....		6,094,278.72
Surplus for final distribution to producers.....		\$ 6,120,929.76

As shown by the preceding table the final surplus for distribution to producers was \$6,120,929.76. On producers' marketings of 116,405,633.9 bushels, the average final payment was 5.258 cents per bushel.

The following table shows initial payments, final payments and prices realized by producers (basis in store Fort William/Port Arthur) for the principal grades of barley delivered to the Board in 1957-58 after deducting Board operating costs, including carrying charges in country and terminal elevators and Board administrative expenses:

	① Initial Payment	① Final Payment	① Realized Price
		(cents per bushel)	
No. 2 C.W. Six-Row.....	98	10.974	108.974
No. 3 C.W. Six-Row.....	96	7.341	103.341
No. 4 C.W. Six-Row.....	88	5.810	93.810
No. 2 C.W. Two-Row.....	91	15.461	106.461
No. 3 C.W. Two-Row.....	88	9.786	97.786
No. 1 Feed.....	87	2.108	89.108
No. 2 Feed.....	83	5.526	88.526
No. 3 Feed.....	76	9.546	85.546
Tough No. 3 C.W. Six-Row.....	92	8.841	100.841
Tough No. 3 C.W. Two-Row.....	84	11.286	95.286
Tough No. 1 Feed.....	83	3.608	86.608
Tough No. 2 Feed.....	79	7.026	86.026
Tough No. 3 Feed.....	72	11.046	83.046

①Prior to deduction of Prairie Farm Assistance Act levy.

The final payment on the 1957-58 Barley Pool was approved by Order in Council P.C. 1959-412, April 3, 1959. The issuance of the final payment cheques to producers commenced on April 6, 1959, and was completed on April 17, 1959.

5. Purchases and Sales

The following table shows Board purchases and net sales of barley, by months, and stocks of Barley held by the Board at the end of each month for the account of the 1957-58 Pool:

	Purchases	Sales	Unsold Stock
		(bushels)	
August, 1957.....	641,772.1	29,311,332.1	(28,669,560.0)
September.....	7,395,518.1	—	(21,274,041.9)
October.....	13,163,752.1	—	(8,110,289.8)
November.....	11,826,701.8	—	3,716,412.0
December.....	8,943,810.2	—	12,660,222.2
January, 1958.....	9,143,230.6	—	21,803,452.8
February.....	4,980,509.8	8,075,134.5	18,708,828.1
March.....	5,827,629.5	776,548.2	23,759,909.4
April.....	4,155,033.8	11,289,782.3	16,625,160.9
May.....	9,003,733.3 ①	13,469,330.5	12,159,563.7
June.....	20,310,907.8	21,947,262.6	10,523,208.9
July.....	21,997,878.7	7,098,624.2	25,422,463.4
August.....	—	5,055,716.8	20,366,746.6
September.....	—	4,454,235.5	15,912,511.1
October.....	—	3,193,209.4	12,719,301.7
November.....	—	9,755,480.6	2,963,821.1
December.....	—	375,277.9	2,588,543.2
January, 1959.....	—	2,300,677.8	287,865.4
February.....	—	287,865.4 ②	—
	117,390,477.8	117,390,477.8	

①Includes 964,692.3 bushels of cash grain purchased from the 1956-57 Pool Account and the sale of 965,000.0 bushels of futures to the 1956-57 Pool Account.

②Includes adjustments required to close the 1957-58 Pool Account as at February 27, 1959.

The selling operations in respect to the 1957-58 Barley Pool may be divided into two main phases. The first phase was concerned with the merchandising of barley accepted as being suitable for malting or other industrial uses. The second phase was the merchandising of feeding grades of barley delivered to the Pool.

Barley acceptable for purposes other than feedstuffs (malting, pearling, etc.) is merchandised in the crop year in which it is produced and marketed by producers. In August, 1957 the Board took advantage of a favourable market to make substantial forward sales of such barley. These sales contracts were in anticipation of producers' deliveries of carlots of accepted barley as established under the relevant provisions of Board delivery quota policy.³ In January, 1958 the Board increased its authorization for over-quota deliveries of accepted carlots in order to meet a further demand for selected barley.

During the period from August 1, 1957 to May 9, 1958 the market for feeding grades of barley continued to be supplied from the 1956-57 Pool Account. Feeding grades of barley in the 1957-58 Pool Account came under sale in volume subsequent to the closing of the 1956-57 Barley Pool on May 9, 1958. As shown by the preceding table substantial sales of barley were made in May, June and July, 1958. Selling continued on a steady basis during the fall months of 1958 when the unsold inventory in the 1957-58 Barley Pool was reduced to nominal levels.

³For details of barley delivery quotas for 1957-58, see Page 5 of the Annual Report of The Canadian Wheat Board for the crop year 1957-58.

6. Pricing

The following table shows monthly average Board quotations for No. 1 Feed Barley, along with high and low prices recorded each month from August, 1957 to February, 1959 (all prices basis in store Fort William/Port Arthur):

	High	Low	Average
	(cents per bushel)		
August, 1957.....	93½	93	93½
September.....	93	93	93
October.....	93	89	91½
November.....	90¼	89	89½
December.....	90½	89¾	90¾
January, 1958.....	90½	87¾	89¼
February.....	89½	88¾	89¼
March.....	88¾	87½	88
April.....	90¾	87¼	88¾
May.....	91¼	88¾	90¼
June.....	96½	89¾	91¾
July.....	98	95¼	96½
August.....	97	92¼	95
September.....	97¼	92	95½
October.....	98¾	96½	97¼
November.....	96¾	95¾	96¾
December.....	97¼	95½	96¾
January, 1959.....	99	96¾	97¾
February.....	100	98	99¾

Board quoted prices for No. 1 Feed Barley followed a downward trend from August, 1957 until the following March. Prices then followed a moderately upward trend for the balance of the selling period of the 1957-58 Barley Pool. This steady improvement in prices was mainly due to continuing export demand.

The prices quoted for malting grades of barley were firm and relatively stable during the crop year 1957-58. As the result of a reduced demand for malting grades of barley in the United States, Board quoted prices for this type of barley did not strengthen to the same extent as quoted prices for No. 1 Feed Barley during the latter part of 1957-58 and the first half of 1958-59.

Mr. GORDON EARL (*Comptroller, Canadian Wheat Board*): Page 15, No. 7, General comment on barley.

Mr. HORNER (*Acadia*): I have a question on wheat.

The CHAIRMAN: Pardon me, but I think that after the general comment we could take the questioning up on the whole procedure of barley.

Mr. EARL: No. 7, General comment.

The 1957-58 Barley Pool was characterized by the continuance of a broad export demand. During the crop year 1957-58 barley exports were 75.1 million bushels, and about the same rate of export continued in the first seven months of 1958-59 in spite of a reduced demand for malting grades. Throughout the period of the Pool, the United Kingdom constituted the largest export market for Canadian barley, followed by the United States and Japan.

Domestic sales of barley were well maintained throughout the selling period of the 1957-58 Pool.

The marketing of barley continued to be very sensitive to pricing. Canadian participation in export markets for feeding grades of barley depended upon competitive selling prices, not only in respect to competing supplies from other exporting countries but also in respect to alternative feedstuffs.

Of total sales of 117,390,477.8 bushels, 49,069,000.0 bushels were sold in the futures market.

Mr. HORNER (*Acadia*): My question was back to the comments on wheat. I asked the question yesterday about the amount of money that was paid out to Canadian millers as a flour adjustment, and I was given the answer of two million and some dollars. But there is a statement here and I wondered if Mr. McNamara would comment on it. In the book, on page 10, it states—

The CHAIRMAN: Has Mr. Horner the consent of the committee to go back to wheat?

Agreed.

Mr. HORNER (*Acadia*): It states that:

The export flour adjustment rates in effect were 8½ cents per bushel for flour exported from Canadian Atlantic or U.S. Atlantic ports, 10 cents per bushel for flour exported via Canadian Pacific or U.S. Pacific ports...

My question is this: I notice in newspaper articles and other articles that this flour adjustment has been running at 10 cents and now, with about an 8 cent increase in the lakehead price of wheat, this flour adjustment will go up to approximately 16 cents; is that right, or wrong?

Mr. McNAMARA: Yes. I think in the statement that Mr. Riddel filed with the committee yesterday dealing with the St. Lawrence Seaway, he covered this point. But, briefly, the position is: the 10 cent level—when we raised the Fort William price 5 5/8 cents, to keep our mills in the same competitive position with flour markets abroad we had to make a flour adjustment, 15 5/8 cents per bushel. In other words, we are not securing for the producer the benefit at Fort William in so far as flour exports are concerned. We could not raise the price, because we would price ourselves out of the market.

Mr. HORNER (*Acadia*): We are lead to believe that instead of \$2,200,000, next year it will be up to \$3 million.

Mr. McNAMARA: That is right; it will be increased.

Mr. HORNER (*Acadia*): It will be increased by half as much again, at least?

Mr. McNAMARA: Yes, because we are not getting the benefit of the 5 5/8 cents on it.

Mr. HORNER (*Acadia*): I just wanted to clear up that point in my own mind.

Mr. REGNIER: Why should flour cost more when wheat costs less on account of the saving on the freight?

Mr. McNAMARA: I believe I endeavoured to deal with this previously, but it is the case. It is not a subsidy; we do not regard it as a subsidy. We can sell wheat on the international market at a certain price, but in selling

flour for export, because of the fact the United States have a double subsidy on flour they subsidize their wheat and have an additional subsidy on their flour. We have to sell wheat in the form of flour at a lower price than we realize when selling in the form of wheat. This flour adjustment is just a means of enabling us to sell our flour competitively in the markets at a lower price than if we sold it in the form of wheat.

Mr. REGNIER: Would this increase the price on the domestic market as well?

Mr. McNAMARA: The domestic market is not related to this adjustment at all. This is only related to exports, and then only to certain markets.

The CHAIRMAN: Gentlemen, any questions regarding the pool account on barley?

Mr. NASSERDEN: On page 15 it says: "Of total sales of 117 million bushels, 49 million bushels were sold in the futures market." Could you give an explanation of that?

Mr. McNAMARA: The export is in our coarse grain operation. There you take advantage of the facilities provided by the futures market which is operating in coarse grain, but not exclusively. Some of the barley and oats are sold through the Winnipeg futures market, and others are sold on the flat basis, in which no futures are exchanged. Out of 117,390,000 bushels, 49 million-odd are sold in the futures market, and the balance represented flat sales, on which futures were not exchanged.

Mr. NASSERDEN: Is there any difference in the price of that sold in the futures market and that sold on a flat basis?

Mr. McNAMARA: No, not necessarily. So far as cash grain is concerned, they are getting the same price; our cash price applies equally.

The CHAIRMAN: Can we take the auditors' report as read?
Agreed.

AUDITORS' REPORT

MILLAR, MACDONALD & Co.
Chartered Accountants

To The Canadian Wheat Board,
Winnipeg, Manitoba.

We have examined the Statements of Operations of The Canadian Wheat Board dated 3rd June 1959 which set forth the results of the Board's operations on 1957-58 Pool Account—Wheat, for the period from 1st August 1957 to 15th May 1959 and on 1957-58 Pool Accounts—Oats and Barley for the period from 1st August 1957 to 27th February 1959, and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying Statements of Operations are properly drawn up so as to exhibit a true and correct view of the results of the operations of The Canadian Wheat Board on 1957-58 Pool Accounts—Wheat, Oats and Barley for the periods indicated above, according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
3rd June 1959.

THE CANADIAN WHEAT BOARD

1957-58 Pool Account—Wheat

STATEMENT OF OPERATIONS

For the period 1st August 1957 to 15th May 1959

	<i>Bushels</i>	<i>Amount</i>
Wheat acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	376,861,133.5	\$484,090,673.19
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver	1,945,403.5	2,528,202.08
Purchased from 1956-57 Pool Account—Wheat.....	<u>135,739,249.1</u>	<u>203,962,890.57</u>
	<u>514,545,786.1</u>	\$690,581,765.84
Wheat sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:		
Domestic.....	72,359,665.5	
Export sales at Class II prices.....	210,953,725.3	
Export sales under the terms of the International Wheat Agreement.....	91,404,681.8	
Sales to the 1958-59 Pool Account—Wheat.....	139,764,777.4	
Weight losses in transit and in drying.....	<u>62,936.1</u>	
	<u>514,545,786.1</u>	<u>788,052,877.91</u>
Surplus on wheat transactions.....		97,471,112.07
Deduct: Carrying costs, interest, administrative and general expenses, etc:		
Carrying charges:		
Carrying charges on wheat stored in country elevators.....		\$39,792,409.29
Storage on wheat stored in terminal elevators and mills.....		12,157,676.35
Net interest paid to agents on agency wheat stocks.....		4,368,056.73
		<u>56,318,142.37</u>
Less: Carrying charges received under the Temporary Wheat Reserves Act.....		<u>39,574,057.35</u>
		16,744,085.02

Bank interest, exchange and bank charges and net interest on other Board accounts.....	3,617,962.58	
Net additional freight on wheat shipped from country stations to terminal positions.....	828,197.12	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....	621,377.73	
Drying charges.....	91,141.03	
Administrative and general expenses to 15th May 1959.....	2,165,966.46	24,068,729.94
Surplus on operations of the Board on the 1957-58 Pool Account—Wheat, for the period 1st August 1957 to 15th May 1959.....		\$ 73,402,382.13

This is the Statement of Operations which is referred to in our report of this date attached hereto.

W. C. McNAMARA,
Chief Commissioner

W. RIDDEL
Assistant Chief Commissioner

W. E. ROBERTSON,
Commissioner

J. T. DALLAS,
Commissioner

Winnipeg, Manitoba,
3rd June, 1959.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

THE CANADIAN WHEAT BOARD

1957-58 Pool Account—Oats

STATEMENT OF OPERATIONS

For the period 1st August 1957 to 27th February 1959

	<i>Bushels</i>		<i>Amount</i>	
Oats acquired:				
Purchased from Producers at Board initial prices basis in store				
Fort William/Port Arthur.....	57,849,713.5		\$31,962,522.30	
Oats otherwise purchased at Board initial prices basis in store				
Fort William/Port Arthur.....	41.0		21.85	
Purchased from 1956-1957, Pool Account—Oats.....	2,540,000.0	<u>60,389,754.5</u>	<u>1,625,600.00</u>	\$33,588,144.15
Oats sold:				
Completed sales at realized prices basis in store Fort William/ Port Arthur.....	46,314,584.7		31,346,785.38	
Sales to 1958-59 Pool Account—Oats.....	14,075,169.8	<u>60,389,754.5</u>	<u>9,967,418.82</u>	<u>41,314,204.20</u>
Surplus on oats transactions.....				7,726,060.05
Deduct: Carrying costs, interest, administrative and general expenses, etc:				
Carrying charges:				
Carrying charges on oats stored in country elevators.....		\$ 4,408,863.33		
Storage on oats stored in terminal elevators.....		<u>770,836.59</u>	5,179,699.92	
Interest and bank charges.....			198,996.99	
Freight recovered on shipments of oats to Pacific Coast ports for export.....			(49,606.28)	
Brokerage and Clearing Association charges.....			12,391.51	
Administrative and general expenses to 27th February 1959.....			<u>255,907.21</u>	<u>5,597,389.35</u>
Surplus on operations of the Board on the 1957-58 Pool Account—Oats, for the period 1st August 1957 to 27th February 1959.....				<u>\$ 2,128,670.70</u>

*This is the Statement of Operations which is referred to in our
report of this date attached hereto.*

W. C. McNAMARA
Chief Commissioner

W. RIDDEL,
Assistant Chief Commissioner

W. E. ROBERTSON,
Commissioner

J. T. DALLAS,
Commissioner

Winnipeg, Manitoba,
3rd June 1959.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN WHEAT BOARD
1957-58 Pool Account-Barley

STATEMENT OF OPERATIONS

For the period 1st August 1957 to 27th February 1959

	<i>Bushels</i>	<i>Amount</i>
Barley acquired:		
Purchased from Producers at Board initial prices basis in store		
Fort William/Port Arthur.....	116,405,633.9	\$103,272,350.13
Barley otherwise purchased at Board initial prices basis in store		
Fort William/Port Arthur.....	20,151.6	17,360.29
Purchased from 1956-57 Pool Account—Barley.....	964,692.3	868,223.07
	117,390,477.8	\$104,157,933.49
Barley sold:		
Completed sales at realized prices basis in store Fort William/ Port Arthur.....	110,716,361.0	108,783,253.38
Sales to 1958-59 Pool Account—Barley.....	6,660,832.3	6,470,716.43
Weight losses in drying.....	13,284.5	—
	117,390,477.8	115,253,969.81
Surplus on barley transactions.....		11,096,036.32
Deduct: Carrying costs, interest, administrative and general expenses, etc:		
Carrying charges:		
Carrying charges on barley stored in country elevators.....	\$4,283,182.54	
Storage on barley stored in terminal elevators.....	579,520.89	4,862,703.43
Interest and bank charges.....		12,048.46
Freight recovered on shipments of barley to Pacific Coast ports for export.....		(697,299.28)
Diversion charges on shipments of barley to Pacific Coast ports for export.....		145,983.90
Drying charges.....		21,496.90
Brokerage and Clearing Association charges.....		12,874.69
Administrative and general expenses to 27th February 1959.....		502,567.19
		4,860,375.29
Surplus on operations of the Board on the 1957-58 Pool Account— Barley, for the period 1st August 1957 to 27th February 1959.....		\$ 6,235,661.03

*This is the Statement of Operations which is referred to in
our report of this date attached hereto.*

W. C. McNAMARA,
Chief Commissioner

W. RIDDEL,
Assistant Chief Commissioner

W. E. ROBERTSON,
Commissioner

J. T. DALLAS,
Commissioner

Winnipeg, Manitoba,
3rd June 1959.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Mr. McNAMARA: Mr. Chairman, may I explain to the committee these are the figures as of July 31 that we are now talking about. These figures are the situation as at last July, whereas the supplement you dealt with were the final figures at the closing of the pool.

The CHAIRMAN: The 1957-58 pool account, oats; shall it be taken as read?
Agreed.

8. 1957-58 Pool Accounts—Oats

POLICY

By authority of Order in Council P.C. 1957-820, June 13, 1957 Parts III and IV of the Canadian Wheat Board Act were extended to oats for the crop year 1957-58. By the same authority the initial price for oats was established at 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur. Initial prices for other grades were established by the Board and approved by Orders in Council.

BOARD RECEIPTS

The following table shows Board receipts from Producers, by months, from August 1, 1957 to July 31, 1958:

	Bushels
August, 1957	2,286,853.0
September	9,381,661.1
October	6,780,065.2
November	5,038,173.4
December	3,177,979.6
January, 1958	3,028,039.7
February	1,700,407.0
March	1,818,162.7
April	1,852,914.8
May	3,803,192.7
June	6,409,312.2
July	12,573,009.1
Total	<u>57,849,770.5</u>

Producers delivered 57.8 million bushels of oats to the 1957-58 Pool as compared with 69.0 million bushels to the previous Pool. Deliveries of oats were relatively large in the fall months and following the opening of navigation in 1958.

GRADE PATTERN OF BOARD RECEIPTS

The following table shows Board receipts of oats from producers by principal grades, along with the percentage of total receipts of each grade:

	Grade (Including Toughs and Damps)	Bushels	% of Total
No. 2 C.W.....		89,740.1	.16
No. 3 C.W.....		5,530,843.0	9.56
Extra No. 1 Feed.....		13,120,577.5	22.68
No. 1 Feed.....		36,250,194.7	62.66
No. 2 Feed.....		2,267,272.0	3.92
No. 3 Feed.....		279,889.5	.48
Other grades.....		311,253.7	.54
TOTAL.....		<u>57,849,770.5</u>	<u>100.00</u>

Slightly over 67 per cent of Board receipts of oats in 1957-58 consisted of the grades No. 1 Feed, No. 2 Feed and No. 3 Feed. As compared with the previous crop year, receipts of No. 2 Canada Western and No. 3 Canada Western were relatively small. Deliveries of Extra No. 1 Feed Oats were comparable with the previous crop year and constituted 22.7 per cent of producers' marketings.

1957-58 Pool Account—Oats

The following table shows the operating position of the 1957-58 Oats Pool from August 1, 1957 to July 31, 1958:

	Bushels		
1. Oats acquired by the Board:			
(a) Producers' deliveries August 1, 1957 to July 31, 1958.....	57,849,770.5		
(b) Oats otherwise acquired..... ^①	41.0		
(c) Purchased from 1956-57 Pool Account—Oats.....	2,540,000.0		
Total oats acquired.....	60,389,811.5		
	(Value)	(Value)	
2. Cost of oats acquired.....			\$33,588,177.28
3. Proceeds of sales and value of unsold stocks of oats as at July 31, 1958:			
(a) (i) Completed sales at realized prices.....	\$12,738,540.64		
(ii) Uncompleted sales at contract prices.....	49,414.24		
Total proceeds from sales.....	12,787,954.88		
(b) Value of unsold stocks of oats at cost.....	22,134,960.69		34,922,915.57
4. Gross surplus as at July 31, 1958.....			1,334,738.29
5. Operating costs—August 1, 1957 to July 31, 1958:			
(a) Carrying charges including terminal storage.....	3,460,806.11		
(b) Interest and bank charges.....	108,609.84		
(c) Freight recovered on export oats.....	(9,470.93)		
(d) Brokerage and Clearing Association charges.....	8,044.88		
(e) Administrative and general expenses.....	195,794.01		3,763,783.91
6. Debit balance in the 1957-58 Pool Account—Oats, as at July 31, 1958, after valuing stocks of oats on hand at cost prices basis in store Fort William/Port Arthur.....			\$ 2,429,045.62

^①Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

COMMENT ON THE OPERATING STATEMENT—1957-58 POOL ACCOUNT—OATS

The table on the preceding page sets forth the operating position of the 1957-58 Oats Pool from August 1, 1957 to July 31, 1958. The interim nature of the statement is emphasized by the following facts:

- (1) During 1957-58 sales of oats, with minor exceptions, were credited to the 1956-57 Pool Account from August 1, 1957 to May 9, 1958. The selling period of the 1957-58 Pool Account only extended over the period of the final twelve weeks of the crop year and in this period sales credited to the 1957-58 Pool Account were, therefore, relatively small (20.2 million bushels).¹
- (2) The inventory in the 1957-58 Pool Account as at July 31, 1958 was relatively large (40.2 million bushels),¹ reflecting the delayed closing of the 1956-57 Pool Account. For the purposes of the foregoing operating statement unsold stocks of oats as at July 31, 1958 were valued at their acquired cost.

¹ See Exhibit III.

Having regard to the foregoing qualifications, the 1957-58 Oats Pool showed a debit balance as at July 31, 1958 of \$2,429,045.62.

The 1957-58 Oats Pool consisted of 60.4 million bushels. Producers' deliveries to the Pool between August 1, 1957 and July 31, 1958 amounted to 57.8 million bushels. A total of 2.5 million bushels was transferred from the 1956-57 Pool as at May 9, 1958. A small amount of oats was acquired from others than producers.

Operating costs chargeable to the 1957-58 Pool to July 31, 1958 were \$3,763,783.91. The principal item of these costs was carrying charges on oats stored in country and terminal elevators. These costs amounted to \$3,460,806.11 and were the equivalent of 5.982 cents per bushel on producers' deliveries to the Pool, reflecting the relatively large volume of oats on carrying charges throughout the crop year. Interest and bank charges amounted to \$108,609.84. Brokerage and Clearing Association charges were \$8,044.88, and administrative and general expenses charged to the 1957-58 Oats Pool were \$195,794.01. Freight recoveries on export oats resulted in a credit item of \$9,470.93.

GENERAL COMMENT OF THE MARKETING OF OATS—1957-58

Commercial supplies of oats in Canada on August 1, 1957 were 54.1 million bushels, and on the same date farm stocks of oats were about 100 million bushels larger than on August 1, 1956, according to estimates of the Dominion Bureau of Statistics. The sharp increase in farm stocks of oats partially offset the smaller oats crop harvested in 1957. Oats production in the prairie provinces in 1957 was estimated at 234 million bushels as compared with 400 million bushels in 1956.

The commercial supply position for 1957-58 is summarized as follows:

	Million Bushels
Commercial carryover—July 31, 1957	54.1
Producers' deliveries—1957-58 Pool Account	57.9
	<hr/>
Total	112.0

Commercial supplies of oats for the crop year were 112.0 million bushels. As in immediately preceding crop years commercial supplies were in excess of markets available.

While exports of oats improved moderately in 1957-58, total exports remained at the relatively low level of recent years. The following table shows exports of oats for the crop year 1957-58, along with comparative statistics for 1956-57:*

	1957-58	1956-57
	(million bushels)	
United States	21.6	17.6
United Kingdom	3.9	.1
Others .....	.4	.6
	<hr/>	<hr/>
Total	25.9	18.3

As shown by the above table exports of oats in 1957-58 amounted to 25.9 million bushels as compared with 18.3 million bushels in 1956-57. The United

* Source: Board of Grain Commissioners for Canada.

States continued to be the principal market for Canadian export oats. The volume of exports to the United States, however, reflected large supplies of feed grains available in that country. During 1957-58 the United Kingdom was an important market for Canadian oats, taking 3.9 million bushels. Small amounts of oats went to other countries in both crop years.

As in immediately preceding crop years, the domestic market provided the largest outlet for western oats. Approximately 40 million bushels of western oats were used in the domestic market in 1957-58.

The following table shows the monthly average Board quotations for No. 1 Feed Oats, along with high and low prices recorded in each month from August 1, 1957 to July 31, 1958 (all prices basis in store Fort William/Port Arthur):

	High (cents per bushel)	Low	Average
August, 1957	65 $\frac{3}{4}$	65 $\frac{1}{4}$	65 $\frac{1}{2}$
September	68	65 $\frac{1}{2}$	67 $\frac{1}{4}$
October	66 $\frac{1}{2}$	65	65 $\frac{5}{8}$
November	66 $\frac{3}{4}$	66 $\frac{1}{4}$	66 $\frac{5}{8}$
December	66 $\frac{3}{4}$	66 $\frac{1}{4}$	66 $\frac{5}{8}$
January, 1958	67 $\frac{1}{4}$	65 $\frac{1}{2}$	66 $\frac{5}{8}$
February	67	66	66 $\frac{5}{8}$
March	66 $\frac{1}{4}$	65	65 $\frac{1}{2}$
April	65 $\frac{1}{4}$	63 $\frac{3}{4}$	64 $\frac{7}{8}$
May	65 $\frac{1}{4}$	64 $\frac{1}{2}$	64 $\frac{7}{8}$
June	71 $\frac{1}{4}$	65 $\frac{1}{4}$	66 $\frac{5}{8}$
July	76 $\frac{1}{4}$	71 $\frac{3}{4}$	73 $\frac{3}{4}$

Board asking prices for No. 1 Feed Oats, basis in store Fort William/Port Arthur, fluctuated within narrow limits during 1957-58. During the first eleven months of the crop year monthly average Board quotations for No. 1 Feed Oats ranged between 64 $\frac{7}{8}$ cents per bushel and 67 $\frac{1}{4}$ cents per bushel. During July, 1958 Board asking prices increased to the high point of the year, reflecting the prolonged drought in the prairie provinces.

In regard to the marketing of oats, some further comment is warranted. In the past four crop years from 1954-55 to 1957-58, inclusive, exports of oats averaged 17.4 million bushels. In the four-year period from 1950-51 to 1953-54, inclusive, average oats exports were 59.8 million bushels.

For the past four crop years, including the crop year under review, export markets for oats have been limited. The main factors in this limitation have been the adequate feed grain supplies in the United States, relatively low price levels in terms of the Canadian dollar and an import duty which must be absorbed by the seller. Only on occasion do Canadian oats move overseas in volume. Ordinarily, Canadian oats have difficulty competing in European markets because of high forwarding costs in relation to the value of the product.

Taking a broad view of the oats position it is apparent that, with exports at existing levels, there is an annual market for approximately 70 million bushels of oats, including domestic requirements. Supplies have been in excess of this figure.

The market situation for oats has an adverse effect upon the quantities of oats which producers can deliver during this period of elevator congestion, and has an effect upon the pooling operations of the Board in respect to the volume of oats sales, the prices which may be obtained for oats and carrying charges

incurred. The Board recognizes that many producers in the prairie provinces are dependent upon oats as a cash crop and, therefore, has continued to provide for the marketing of moderate quantities of oats even though commercial supplies have been for some time in excess of available markets.

The domestic demand for oats is relatively constant and an improvement in the oats position is dependent upon increased exports, particularly to the United States.

The CHAIRMAN: Then we have the account on barley.

Mr. HORNER (*Acadia*): I have one question on barley. I notice in the grade table, page 21, there is no such grade as No. 1 C.W. There is no mention of it there.

Mr. McNAMARA: There is a grade of No. 1 C.W. 6-row, but I do not believe we have had any deliveries of that grade in the pool.

The CHAIRMAN: Shall we take the pool table as read?

Mr. HORNER (*Acadia*): I have another question on barley. I wonder if Mr. McNamara could comment on what sets the price on barley. I asked a similar question on this with regard to oats. We know what sets the price on wheat; and what actually sets the price on barley? Is it the world market?

Mr. McNAMARA: As in the case of wheat, there is a number of factors. Due to the fact we are taking advantage of the facilities of the futures market that has, of course, a very direct bearing. The level of the Winnipeg futures market and the premium discounts on cash grain is a consideration in the price of barley. But then, in addition to that, in selling barley for malting purposes—which is a very important market in the United States—the premium that the board asks for the selected barley is determined by the board. There is a combination of factors but it is largely under the control of the board. We can guess the level of the futures market to the extent that we go in and sell futures.

Mr. HORNER (*Acadia*): What percent of the 117 million bushels was exported?

Mr. McNAMARA: Well, I can give you the figure. Oh no, this is for the 1957-58 crop year.

Mr. HORNER (*Acadia*): On page 22 you make a general comment on the marketing of barley, 1957-58.

Mr. McNAMARA: In the 1957-58 crop year, on page 22, that total shows the export of barley in 1957-58 along with the comparative figures for the previous crop year. 75.1 million bushels of barley were exported in 1957-58 as compared to 76.9 million bushels in the crop year 1956-57.

The CHAIRMAN: Shall we take these tables as read?

Agreed.

9. 1957-58 Pool Account—Barley

POLICY

In accordance with Order in Council P.C. 1957-820, June 13, 1957 Parts III and IV of the Canadian Wheat Board Act were extended to barley for the crop year 1957-58. The same Order in Council provided for an initial price for barley of 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. Initial payments for all other grades of barley were established by the Board and approved by Orders in Council.

BOARD RECEIPTS

The following table shows receipts of barley from producers, by months, from August 1, 1957 to July 31, 1958:

	Bushels
August, 1957	641,772.1
September	7,395,460.8
October	13,163,501.7
November	11,826,579.1
December	8,943,694.7
January, 1958	9,143,079.5
February	4,980,333.0
March	5,827,530.5
April	4,154,953.1
May	8,038,907.7
June	20,310,801.5
July	21,982,515.7
Total	116,409,129.4

Producers delivered 116.4 million bushels of barley to the Board in 1957-58 as compared with 120.6 million bushels in 1956-57. Deliveries were relatively heavy following the 1957 harvest, reflecting in part the volume of barley which was accepted by maltsters, shippers and exporters as suitable for malting. Producers' marketings were steady during the winter months and increased sharply in the final two months of the crop year.

GRADE PATTERN OF BOARD RECEIPTS

The following table shows the principal grades of barley delivered by producers in 1957-58:

Grade (Including Toughs and Damps)	Bushels	% of Total
No. 2 C.W. Six-Row	5,561,196.0	4.78
No. 3 C.W. Six-Row	26,729,648.0	22.96
No. 4 C.W. Six-Row	2,955,915.8	2.54
No. 2 C.W. Two-Row	430,805.1	.37
No. 3 C.W. Two-Row	10,715,976.2	9.21
No. 1 Feed	52,824,531.8	45.38
No. 2 Feed	14,235,703.1	12.23
No. 3 Feed	1,837,127.7	1.57
Other grades	1,118,225.7	.96
Total	116,409,129.4	100.00

About 60 per cent of producers' deliveries of barley consisted of feeding grades and about 40 per cent consisted of industrial grades, including both Two-Row and Six-Row varieties. Receipts of No. 3 C.W. Six-Row Barley were substantially smaller than in the previous crop year, comprising 23 per cent of total deliveries. As compared with the previous year producers' deliveries of No. 2 C.W. Six-Row Barley and No. 3 C.W. Two-Row Barley were significantly larger.

1957-58 Pool Account—Barley

The following table shows the operating position of the 1957-58 Barley Pool from August 1, 1957 to July 31, 1958:

	Bushels		(Value)	(Value)
1. Barley acquired by the Board:				
(a) Producers' deliveries August 1, 1957 to July 31, 1958.....	116,409,129.4			
(b) Barley otherwise acquired..... [ⓐ]	1,668.1			
(c) Purchased from 1956-57 Pool Account—Barley.....	964,692.3			
Total barley acquired.....	<u>117,375,489.8</u>			
2. Cost of barley acquired.....		(Value)		\$ 104,144,795.89
3. Proceeds of sales and value of unsold stocks of barley as at July 31, 1958:				
(a) (i) Completed sales at realized prices.....	\$70,517,130.91			
(ii) Uncompleted sales at contract prices.....	13,139,746.56			
Total proceeds from sales.....	<u>83,656,877.47</u>			
(b) Value of unsold stocks of barley stated at cost.....	28,331,056.84			<u>111,987,934.31</u>
4. Gross surplus as at July 31, 1958.....				7,843,138.42
5. Operating costs—August 1, 1957 to July 31, 1958:				
(a) Carrying charges including terminal storage.....	3,662,024.22			
(b) Interest and bank charges.....	(2,649.11)			
(c) Freight recovered on export barley.....	(220,940.28)			
(d) Diversion charges on export barley.....	54,156.83			
(e) Drying charges.....	11,792.36			
(f) Brokerage and Clearing Association charges.....	7,384.34			
(g) Administrative and general expenses.....	381,974.15			<u>3,893,742.51</u>
6. Credit balance in the 1957-58 Pool Account—Barley, as at July 31, 1958, after valuing stocks of barley on hand at cost prices basis in store Fort William/Port Arthur.....				<u>\$ 3,949,395.91</u>

[ⓐ]Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

COMMENT ON THE OPERATING STATEMENT—1957-58 POOL ACCOUNT—BARLEY

The table on the preceding page shows the operating position of the 1957-58 Barley Pool to July 31, 1958. The 1957-58 Barley Pool consisted of 117,375,489.8 bushels. Of this quantity, 116,409,129.4 bushels were delivered by producers, 964,692.3 bushels were transferred from the 1956-57 Pool and a relatively small amount of barley was acquired from others than producers. The 1956-57 Pool Account was closed on May 9, 1958 and therefore part of Board sales during the crop year (principally feed grades) was credited to this account.

It has been the practice of the Board to credit sales of barley accepted for malting, or other industrial uses, to the crop account to which such barley was delivered by producers. Therefore, grades of barley delivered by producers in 1957-58 and accepted for malting were credited to the 1957-58 Pool Account even though these sales were made prior to the closing of the 1956-57 Pool Account.

From August 1, 1957 to July 31, 1958 completed sales of barley for the account of the 1957-58 Pool were 71,560,359.8 bushels. In addition, the Board had uncompleted sales of cash barley on its books as at July 31, 1958 in the amount of 12,903,984.3 bushels. Weight losses in drying amounted to 6,568.4 bushels.

The inventory in the 1957-58 Pool Account as at July 31, 1958 was 32,904,577.3 bushels. This inventory was valued at cost.

Operating costs of the 1957-58 Pool Account to July 31, 1958 amounted to \$3,893,742.51. These costs consisted principally of carrying charges on barley stored in country and terminal elevators and amounted to \$3,662,024.22, or 3.146 cents per bushel on producers' deliveries to the Pool. Interest and bank charges resulted in a credit item of \$2,649.11. Freight recoveries on shipments of barley to Pacific Coast ports for export provided a credit item of \$220,940.28. Diversion charges on barley shipped to Pacific Coast ports for export were \$54,156.83. Drying charges amounted to \$11,792.36, while brokerage and Clearing Association charges were \$7,384.34. Administrative and general expenses to July 31, 1958 amounted to \$381,974.15.

After applying the proceeds of sales to July 31, 1958, valuing the inventory at cost and allowing for operating costs as recorded above, the 1957-58 Barley Account showed a credit balance of \$3,949,395.91 as at July 31, 1958.

GENERAL COMMENT ON THE MARKETING OF BARLEY—1957-58

The crop year 1957-58 was characterized by the excellent movement of barley into consumption in Canada and into export trade. Commercial utilization reached a level of about 120 million bushels.

During the crop year there was a continuous flow of export barley through Pacific Coast ports, shipments amounting to 30.3 million bushels. The eastward shipments through St. Lawrence and Atlantic seaboard ports amounted to 23.4 million bushels and were largely concentrated in the May-July period, 1958. These two export shipping programmes, combined with exports of malting barley to the United States and a substantial utilization of barley in Canada for industrial and feeding purposes, formed the basis for a large and continuous movement of barley in 1957-58.

The following table shows exports of barley in 1957-58, along with comparative figures for the previous crop year:

	1957-58	1956-57
	(million bushels)	
United Kingdom	36.7	32.4
United States	21.5	21.6
Japan	10.2	12.2
U.S.S.R.	4.9	—
Germany .....	.9	9.2
Netherlands .....	.6	.4
Belgium .....	.1	.7
Others .....	.2	.4
TOTAL	75.1	76.9

Exports of barley in 1957-58 were 75.1 million bushels as compared with 76.9 million bushels in the previous crop year. The United Kingdom was the largest market for Canadian barley, exports to that country amounting to 36.7 million bushels which represented a moderate increase over the previous crop year. Exports of barley to the United States were 21.5 million bushels as compared with 21.6 million bushels in the previous crop year. As usual the United States imports consisted of barley suitable for malting purposes. Japan was the third largest importer of Canadian barley, taking 10.2 million bushels as compared with 12.2 million bushels in the previous crop year. Barley exports to the U.S.S.R. amounted to 4.9 million bushels. Smaller exports of barley went to Germany, The Netherlands and Belgium.

The following table shows monthly average Board quotations for No. 1 Feed Barley, along with high and low prices recorded each month from August 1, 1957 to July 31, 1958 (all prices basis in store Fort William/Port Arthur):

	High	Low	Average
	(cents per bushel)		
August, 1957	93 $\frac{1}{2}$	93	93 $\frac{3}{8}$
September	93	93	93
October	93	89	91 $\frac{3}{4}$
November	90 $\frac{1}{4}$	89	89 $\frac{3}{4}$
December	90 $\frac{1}{2}$	89 $\frac{3}{4}$	90 $\frac{3}{8}$
January, 1958	90 $\frac{1}{2}$	87 $\frac{3}{4}$	89 $\frac{1}{4}$
February	89 $\frac{1}{2}$	88 $\frac{3}{4}$	89 $\frac{1}{4}$
March	88 $\frac{3}{4}$	87 $\frac{1}{4}$	88
April	90 $\frac{3}{4}$	87 $\frac{1}{4}$	88 $\frac{3}{8}$
May	91 $\frac{3}{4}$	88 $\frac{1}{2}$	90 $\frac{1}{4}$
June	96 $\frac{1}{2}$	89 $\frac{3}{4}$	91 $\frac{5}{8}$
July	98	95 $\frac{1}{4}$	96 $\frac{1}{2}$

Board offering prices for barley fluctuated within narrow limits in 1957-58. From a level of 93 cents per bushel, basis No. 1 Feed in store Fort William/Port Arthur, Board quoted prices for the same grade worked gradually lower until April, 1958 when the season's low price of 87 $\frac{1}{4}$ cents per bushel was reached. Board quotations increased slightly in May and June and reached the high point of the year in July, 1958.

It is important to note that the level of barley prices was considerably lower during the crop year 1957-58 than during 1956-57. In the early part of the year Board monthly average offering prices ranged from 11 to 14 cents per bushel lower than for the same period in 1956-57. The spread in prices between the two crop years narrowed gradually during the last half of the crop year, and only in July, 1958 did Board offering prices exceed those of the corresponding period in 1956-57. Barley prices in 1957-58 reflected highly competitive conditions in both domestic and export markets.

During the fall of 1957 the Board made provision for stocks of barley to be placed in eastern positions on a provisional sale basis. Only a small amount of barley (530,212 bushels) was moved on this basis in 1957-58.

In 1957-58 exports of barley were at a high level for the seventh consecutive crop year. The following table shows producers' deliveries of barley to the Board and exports of barley for the seven-year period from 1951-52 to 1957-58, inclusive:

	Board Receipts	Exports
	(million bushels)	
1951-52	130.6	69.9
1952-53	164.9	118.9
1953-54	101.2	90.0
1954-55	112.4	77.1
1955-56	113.9	64.3
1956-57	120.6	76.9
1957-58	116.4	75.1
TOTAL	860.0	572.2

During these seven crop years producers delivered 860.0 million bushels of barley to the Board, or an average of 122.8 million brushels per crop year. During the same period exports of barley were 572.2 million bushels, or an average of 81.7 million bushels per crop year. Of the 860.0 million bushels of barley delivery by producers, 572.2 million bushels were exported, 263 million bushels were used in the domestic market and about 25 million bushels were part of commercial stocks as at July 31, 1958. The foregoing statistics indicate that the production and marketing of barley have come to occupy an important place in the cereal industry of the prairie provinces.

The CHAIRMAN: Now, item 10, payment division, on page 23. Shall we take that table as read?

Agreed.

10. *Payment Division*

The following table shows the major payments completed during the crop year 1957-58:

	Date First Cheques Mailed	Date Completed	Number of Cheques Issued	Total Value of Cheques Issued
1956-57 Pool Account—Wheat:				
Interim Payment.....	Feb. 17, 1958	Mar. 12, 1958	285,090	\$39,160,395.34
Final Payment.....	June 13, 1958	July 4, 1958	285,190	25,083,690.12
1956-57 Pool Account—Barley:				
Final Payment.....	May 28, 1958	June 12, 1958	158,673	7,570,416.35
			728,953	\$71,814,501.81

The Payment Department also issued 65 cheques (value \$2,003.01) applicable to the 1940, 1941, 1942, 1943 and 1944 Wheat Accounts; and 130 cheques (value \$15,993.83) covering Adjustment Payments and the Final Payment applicable to the 1945-49 Pool Account—Wheat.

The CHAIRMAN: And now, item No. 11, legal department?

11. *Legal Department*

The Legal Department dealt with all matters of a legal nature affecting the operations of the Board and continued to assist the Payment Department in connection with payments to the estates of deceased persons.

During the crop year, 194 individuals were prosecuted in connection with breaches of the Act and Regulations as compared with 402 individuals prosecuted during the 1956-57 crop year.

Mr. HORNER (*Acadia*): Under this department I asked a question earlier, and I was informed that there was no profit made on these charges by the courts. There was a case in my district when somebody was fined—not in my constituency, I might say—somewhere in the neighbourhood of \$700. Certainly the cost to the courts would not be that much. Would the wheat board not get any of it?

Mr. McNAMARA: No. I am not a lawyer and I do not understand the system, but I know that all fines are payable to the Crown. We do not get any benefit from them at all. When a magistrate or a judge fines a man, the fine goes to the crown. We do not get any revenue out of it at all.

The CHAIRMAN: Item 12 "The Canadian Wheat Board"

12. *The Canadian Wheat Board*

Effective April 30, 1958 Mr. George McIvor resigned as Chief Commissioner. In June, 1958 Mr. W. C. McNamara, formerly Assistant Chief Commissioner, was appointed Chief Commissioner of the Board, and Mr. W. Riddel, formerly Commissioner, was appointed Assistant Chief Commissioner. Mr. W. E. Robertson continued as Commissioner. In July, 1958 Mr. John T. Dallas was appointed Commissioner and assumed his new duties on September 1, 1958. Mr. Dallas was formerly Executive Vice-President and Director of the Continental Grain Company (Canada) Limited.

The Commissioners, officers and staff of the Board wish to record their appreciation of the distinguished services rendered to the Board by Mr. George McIvor. When The Canadian Wheat Board was established in 1935, Mr. McIvor was appointed General Sales Manager. Late in 1935 he was appointed Assistant Chief Commissioner and in 1937 was appointed Chief Commissioner, a position which he held until his retirement in April last.

Mr. McINTOSH: I have a question in regard to estates. What is your policy in clearing up estates and issuing permits to clear a farm for resale, where there is grain in the granary on the farm, and so on?

Mr. McNAMARA: I think we have that.

Mr. W. E. ROBERTSON (*Commissioner, the Canadian Wheat Board*): Mr. Chairman, on advice that an estate is in process of being settled and the land formerly owned by the estate has been sold on a cash basis or transferred thereby leaving the estate without access to a 1958-59 delivery permit book, application forms are mailed. Upon receipt of properly completed forms and if the amount of grain does not exceed 1,000 bushels, a permit is issued authorizing the delivery of the total amount subject to space available. Should the amount exceed 1,000, a special permit is first issued for 1,000 bushels and when delivered a second permit is authorized for the balance on a specified acreage equal to that enjoyed by the estate in previous years.

Mr. McINTOSH: Suppose a farmer sold on a time payment basis. What would be the policy?

Mr. ROBERTSON: On time payment the estate would have access to the permit book, if it was sold on any kind of crop bushel payment basis. But first, I should say in respect to a cash sale, if it is sold on a crop sharing basis, then the estate would have—let us say it is sold on a crop share basis—then the estate would come under the next subject of reduced delivery privilege.

Suppose the estate, before the producer died, had 600 acres, and it is leased. The estate then has access to a permit book. This means that he has one-third of the crop, or he has a 200 acre interest. It has lost 400 acres. Then that 400 acres becomes what we call a reduced delivery privilege, and we issue a special permit based on one-half of that reduced acreage. In other words, he would get a special permit for 200 acres to deliver grain.

Mr. McINTOSH: The producer would also get a permit book to deliver his share?

Mr. ROBERTSON: He would. The actual producers, or either of the producers, would have a permit book. It would not affect his deliveries at all, I mean this special permit to deliver carried-over grain from the estate.

Mr. McINTOSH: What about another case where it is not on a one-third basis, but where there would be so much money for each of them.

Mr. ROBERTSON: That is considered as a cash sale.

Mr. COOPER: On the subject of issuing these special permits in the case of an estate, I had a case where a husband died and left three children. The widow got a permit to sell so much wheat, but she had 3,000 bushels of wheat

in the granary and she could not get the widow's pension because she had that wheat. Nevertheless she could not sell that wheat because, although she had a permit to sell it, the quota was not opened for it, and the result was that she was left destitute.

Why could you not have issued a special permit to sell that wheat before the quota was opened?

She always said that she would have to go to the municipality for relief, yet she had 3,000 bushels of wheat in the granary.

Mr. ROBERTSON: Do I understand that the special permit was issued subject to delivery when space was available?

Mr. COOPER: When the quota was opened she could deliver the wheat on that permit.

Mr. ROBERTSON: Quotas come in on the first of August. There is a first unit quota, and then it starts with 1, 2, and 3 bushels etc.

Mr. COOPER: The husband died just about harvest time and she sold her 300 bushel unit quota and used the money to pay the doctor's bill and the funeral expenses, and she was destitute until the quota opened again.

In spite of the fact that she had that wheat in the granary, she could not get the widow's pension. She had it, but she could not sell it because the quota was not opened.

Mr. ROBERTSON: That is an odd problem. I never heard before of a case of that kind. That is why I am surprised to hear your comment.

Mr. COOPER: All I could do for her was to go to the municipality on her behalf.

Mr. HORNER (*Acadia*): My question is this: I wonder if Mr. McNamara would comment on whether or not there is any more terminal space being built at the lakehead or on the St. Lawrence because of the seaway?

Mr. McNAMARA: Yes, there has been some terminal building, and some is under construction now. There is additional terminal space constructed at Fort William, and there will be additional space to handle 2 million bushels. There are some major developments in the St. Lawrence including a large terminal at Baie Comeau which will have an original capacity of 11 million bushels. When all these plans are completed the capacity in the St. Lawrence will have pretty nearly doubled in the last four or five years.

Mr. HORNER (*Acadia*): Would you comment also on demurrage charges? We hear a lot about them.

The CHAIRMAN: Does Mr. Horner have the privilege to revert back?

Agreed.

Mr. HORNER (*Acadia*): I would like to have a general statement on it.

Mr. McNAMARA: Demurrage charges do not come under our act or under our authority. If you are referring to the dispute between the railways and the elevator companies, our board takes the position that the elevator companies are responsible for the movement of board grain to terminal destination and delivery to us. So the question of demurrage is a problem between the railway companies and the elevator companies, the same as other charges that they encounter in making deliveries to us. Our board has not taken a position in regard to this demurrage question.

Mr. HORNER (*Acadia*): The board is not responsible. For example, when you allocate cars to a particular elevator company, you do not allocate them to a particular elevator in most cases.

Mr. McNAMARA: In so far as the board is concerned, we contend that this is a responsibility of the elevator companies. But the elevator companies are

not prepared to accept it, and they are trying to convince us that we should assume this responsibility.

As you know, the situation at the present time is that the government has interceded, and the order for the payment of demurrage has been suspended for the time being.

Mr. HORNER (*Acadia*): In the allocation of box cars, do you take into consideration the storage available at the lakehead?

Mr. McNAMARA: You mean do we allocate on the basis of space available at the lakehead?

Mr. HORNER (*Acadia*): Yes.

Mr. McNAMARA: That is not the formula we are using.

Mr. NASSERDEN: Have you any figures in respect of the percentage of farms which have been sold or the number of estates—

The CHAIRMAN: We are on the legal department.

Mr. McINTOSH: This is information we want.

Mr. McNAMARA: I did not get the question.

Mr. NASSERDEN: Could you give us an indication as to what percentage of the permit books fall into the category of estates or of farmers who have sold out and would like to clean up their stocks of grain at the end of or during the crop year.

Mr. McNAMARA: We do not have a figure on that. Mr. Davidson says it is about 10 per cent. We have made considerable progress in the last few years in cleaning up these estates. As of the end of July I believe we have broken the back of this problem. In some estates there are very large quantities of grain to be delivered, but I think the problem will be pretty well resolved by the end of the year. The old ones are pretty well completed and we are on the current ones.

Mr. NASSERDEN: Would it not be a good idea to clean them up as they become a problem because it is very important to the people concerned. Once you are caught up I do not think it would make any difference to the general delivery of grain.

Mr. McNAMARA: I disagree with that. I have had a case of an estate having 25,000 or 30,000 bushels of grain. If we authorized the immediate delivery of that it would have to be delivered at the expense of the local producers who need to deliver grain for their livelihood. I do not think the board should give a preference to such estate grain. It would be an inequitable policy.

Mr. McINTOSH: In respect of the formula you use for delivering box cars to the various elevator companies, have there ever been occasions where these companies do not require the allocation which you have allotted to them?

Mr. McNAMARA: There have been a few instances where some of the companies have advised us that at a particular time they were not in a position to ship the particular grain we asked them to ship and have returned their allocation. In that case, we reallocate it to another company who can ship. However, they pick it up very rapidly when they get a grade available for shipment. There is still a premium on box cars and every agent is anxious to get them.

Mr. McINTOSH: Have you ever had occasion where you have gone over the allocation to the pools?

Mr. McNAMARA: Yes; in certain instances we might give them 65 per cent of that particular order, but it is evened up later.

Mr. McINTOSH: Conversely, have any of the line companies not had that allocation?

Mr. McNAMARA: Yes, under certain conditions; but it has been evened up later on.

Mr. KORCHINSKI: The board suggests they would permit so many cars going to a certain elevator company. You do not actually allocate the point. You just allocate the box cars from a certain company.

Mr. McNAMARA: Yes. We believe the management is in a much better position than we are. They know the local factors and the competitive position. We do not attempt to allocate individually the 5,500 elevators. I suggest, in the interests of the producer and for competitive reasons, it is much better to have the individual company decide where the cars can be used to the best advantage to suit their patrons.

Mr. SOUTHAM: Is there any suggestion that due to the aggressiveness of certain elevator agents they get much more than their share of box cars at some points?

Mr. McNAMARA: I did not hear that.

Mr. SOUTHAM: Is there any suggestion that due to the aggressiveness of individual elevator agents they might possibly get a little larger share of these box cars than they are rightfully entitled to.

Mr. McNAMARA: We give them to the company. An aggressive agent, in certain grains which are competitive, such as malting barley, may because of his aggressive action find customers and get the cars to his advantage as compared to the non-aggressive agent. The competitive factor does enter into that.

Mr. PASCOE: Did Mr. McNamara say that the elevator companies did not want to assume this responsibility of the allocation of box cars?

Mr. McNAMARA: No, I do not think I said that. There have been some suggestions, I think, in some of the briefs which have been submitted to commissions, where the companies have felt we should assume that responsibility rather than leave it to them. However, I do not think it would be fair to them to say they want us to do this. I think there may be a difference of opinion between some of the companies in this regard.

The CHAIRMAN: Item 12, the Canadian wheat board. May we take that as read?

Agreed.

12. The Canadian Wheat Board

Effective April 20, 1958 Mr. George McIvor resigned as Chief Commissioner. In June, 1958 Mr. W. C. McNamara, formerly Assistant Chief Commissioner, was appointed Chief Commissioner of the Board, and Mr. W. Riddel, formerly Commissioner, was appointed Assistant Chief Commissioner. Mr. W. E. Robertson continued as Commissioner. In July, 1958 Mr. John T. Dallas was appointed Commissioner and assumed his new duties on September 1, 1958. Mr. Dallas was formerly Executive Vice-President and Director of the Continental Grain Company (Canada) Limited.

The Commissioners, officers and staff of the Board wish to record their appreciation of the distinguished services rendered to the Board by Mr. George McIvor. When The Canadian Wheat Board was established in 1935, Mr. McIvor was appointed General Sales Manager. Late in 1935 he was appointed Assistant Chief Commissioner and in 1937 was appointed Chief Commissioner, a position which he held until his retirement in April last.

The CHAIRMAN: Item 13, staff and officers and Item 14, advisory committee. Is it agreed that we take these as read?

Agreed.

13. Staff and Officers

The following table shows the number of employees of the Board as at July 31, 1958 and July 31, 1957:

	July 31 1958	July 31 1957
Winnipeg	679	646
Calgary	31	34
Vancouver	17	17
Montreal	4	5
London, England	3	3
Rotterdam, Netherlands	2	2
Total	<u>736</u>	<u>707</u>

On July 31, 1958 the Board had 736 employees as compared with 707 on July 31, 1957. The increase in staff occurred in the Winnipeg office and was due to the work involved in the administration of the Prairie Grain Advance Payments Act.

In the fall of 1958 the following senior members of the Board staff in Winnipeg retired after long and efficient service: H. G. Fraser, Cashier and Accountant; W. B. Robbins, Manager, Country Operations Department; A. M. McGregor, Assistant Manager, Country Operations Department.

Mr. C. A. McLean was appointed Manager, Country Operations Department, to succeed Mr. Robbins, and Mr. C. S. Andrews became Assistant Manager, Country Operations Department, to succeed Mr. McGregor. The appointment of Mr. McLean and Mr. Andrews represented promotions within the Country Operations Department.

14. Advisory Committee

The Advisory Committee was reorganized during 1957-58 following the resignations of Mr. Ben Plumer, Mr. C. P. Hansen and Mr. R. C. Marler. Mr. A. P. Gleave, Biggar, Saskatchewan, Mr. G. L. Harrold, Lamont, Alberta, and Mr. A. W. Platt, Edmonton, Alberta were appointed to the vacancies on the Committee. Two meetings of the Advisory Committee were held during 1957-58.

The members of the Advisory Committee are: Mr. J. H. Wesson, Regina, Saskatchewan; Mr. J. E. Brownlee, Q.C., Winnipeg, Manitoba; Dr. W. J. Parker, Winnipeg, Manitoba; Mr. A. P. Gleave, Biggar, Saskatchewan; Mr. G. L. Harrold, Lamont, Alberta; and Mr. A. W. Platt, Edmonton, Alberta.

The CHAIRMAN: We are now at part II, the financial statements. May we take these tables as read?

Agreed.

The financial statements of the Canadian Wheat Board for the crop year ended July 31, 1958 are presented in this section of the Report. They consist of a Consolidated Balance Sheet (Exhibit I) which sets forth the financial position of the Board as at the foregoing date, together with other statements showing the results of Board operations to the close of the crop year, all as tabulated in the index preceding the financial statements and as discussed in Part I of this Report.

Due to the large volume of grain remaining unsold in the 1957-58 Pool Accounts for wheat, oats and barley, it was decided that it would be advisable to defer the closing of these accounts and hence none of these accounts have been finalized at the date of this Report.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of The Canadian Wheat Board as at July 31, 1958 is set forth in Exhibit I. With respect to some of the items appearing in the Consolidated Balance Sheet the following comments are submitted.

Stocks of Grain—\$618,245,201.48

WHEAT STOCKS—\$554,590,023.15

As at July 31, 1958 the total stocks of wheat held by the Board amounted to 415,416,314.3 bushels. Of this amount 69,926,161.4 bushels had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices and provision has been made for carrying charges to date of delivery. The remaining inventory of wheat amounting to 345,490,152.9 bushels consists of the following:

Balance of stocks transferred from the 1956-57 Pool Account.....		14,940,712.0
Balance of purchases from producers on the 1957-58 Pool Account:		
Unsold stocks.....	328,925,981.7	
Stocks which have been sold, but on a deferred price basis.....	51,459.7	
	<hr/>	328,977,441.4
Net bushels acquired from the adjustments of overages and shortages, etc., at country and terminal elevators on the 1957-58 Pool Account.....	1,573,562.3	
	<hr/>	330,551,003.7
Less: Weight losses in transit and in drying.....	1,562.8	
	<hr/>	330,549,440.9
		<hr/>
		345,490,152.9

These stocks were in store country elevators, in store terminal elevators and mills, in transit and in the custody of Agents. In accordance with accepted accounting practice and consistent with the procedure followed in previous crop years this portion of the inventory has been valued at cost. With respect to the balance of stocks of 14,940,712.0 bushels transferred from the 1956-57 Pool Account as at May 9, 1958 and which were still on hand as at July 31, 1958, cost is the price at which the transfer of unsold stocks from the 1956-57 Pool Account was made, namely, the Board's quoted prices as at the close of business May 9, 1958. Relevant to the item in the inventory of 330,549,440.9 bushels which includes 51,459.7 bushels which had been sold, but on a deferred price basis, cost is the Board's initial price paid to producers for the 1957-58 Crop Year which was \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Stocks in the custody of Agents represent wheat provisionally invoiced to Agents of the Board and for which the Board will receive a final accounting in respect to the ultimate disposition of these stocks. The Board receives an advance from its Agents for wheat invoiced on a provisional price basis and, as at July 31, 1958, this advance was \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver. With respect to stocks invoiced on a provisional price basis to mills this advance was \$1.60 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver. As at July 31, 1958 advances received by the Board from its Agents totalled \$115,414,934.69 as shown in Exhibit I.

OATS AND BARLEY STOCKS—\$63,655,178.33

Stocks of oats and barley held by the Board as at July 31, 1958 and which were in store country and terminal elevators and in transit amounted to 40,232,276.7 bushels and 45,808,561.6 bushels respectively. Of these amounts

66,643.7 bushels of oats and 12,903,984.3 bushels of barley had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices and provision has been made for carrying charges to date of delivery. The balance of the coarse grain inventories amounting to 40,165,633.0 bushels of oats and 32,904,577.3 bushels of barley was comprised of the following:

	Oats	Barley
Balance of purchases from producers on the 1957-58 Pool Account.....	40,165,592.0	32,909,477.6
Stocks acquired from other than producers.....	41.0	1,668.1
	<u>40,165,633.0</u>	<u>32,911,145.7</u>
<i>Less:</i> Weight losses in transit and in drying.....	Nil	6,568.4
	<u><u>40,165,633.0</u></u>	<u><u>32,904,577.3</u></u>

In accordance with accepted accounting practice these portions of the inventories of oats and barley have been valued at cost. Cost is the Board's initial price paid to producers for oats and barley in the 1957-58 Crop Year. For oats this price was 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and for barley 96 cents per bushel basis No. 3 Canada Western Six-Row in store Fort William/Port Arthur.

Accounts Receivable—\$2,582,068.40

This item consists principally of amounts due from Agents of the Board in respect to sales which had been completed as at July 31, 1958, but for which final accountings were not received until subsequent to that date, and forwarding charges recoverable in respect to stocks of wheat held by the Board in store Atlantic Seaboard Ports. The balance of this amount comprises sundry accounts payable to the Board which were not collected until subsequent to the year-end date.

Grain Trade Memberships—\$20,810.09

The Canadian Wheat Board owns ten memberships in the Winnipeg Grain Exchange, one in the Vancouver Grain Exchange, one in the Winnipeg Grain and Produce Exchange Clearing Association Limited and one in the Lake Shippers' Clearance Association. These memberships are stated at cost less recorded dividends to July 31, 1958.

The Canadian Wheat Board Building at cost less depreciation—\$356,400.00

Under the authority of Order in Council P.C. 146/2800 the Board purchased The Canadian Wheat Board Building on August 31, 1946 at a cost of \$450,000.00 for the land and buildings.

In accordance with instructions received from the Government of Canada the Board paid to the City of Winnipeg and the City of Calgary grants of \$34,267.82 and \$834.57 respectively, in lieu of realty and business taxes on The Canadian Wheat Board Building and on premises rented by the Board in the City of Winnipeg and in lieu of business taxes on premises rented by the Board in the City of Calgary, but without admitting any liability for such taxes. These grants totalled \$35,102.39 and of this amount \$20,474.30 has been applied to Board operations for the period from January 1, 1958 to July 31, 1958. The balance of \$14,628.09 has been deferred and will be charged to the operations of the Board for the 1958-59 Crop Year. This latter figure is included in the item of \$19,327.29 as shown in the Consolidated Balance Sheet. Depreciation has been provided on The Canadian Wheat Board Building for the year ended July 31, 1958 at the rate of 2% per annum amounting to \$7,800.00. The amounts for depreciation and taxes \$7,800.00 and \$20,474.30 are included in the item of \$219,151.24 as shown in Exhibit VII.

Bank Loans—\$104,875,335.72

During the crop year under review payments were made to producers involving a cash distribution of \$71,814,501.81 consisting of the following:

INTERIM PAYMENT		
1956-57 Pool Account—Wheat.....		\$39,160,395.34
FINAL PAYMENTS		
1956-57 Pool Account—Wheat.....	\$25,083,690.12	
1956-57 Pool Account—Barley.....	7,570,416.35	
		32,654,106.47
		\$71,814,501.81

At the commencement of the crop year Board borrowings from the Chartered Banks amounted to \$86,935,362.07 and during the 1957-58 Crop Year the Board's cash requirements remained at a high level in order to carry abnormally large stocks of wheat, oats and barley, to distribute payments to producers and to meet current operating expenses. Consequently, the Board remained in a borrowing position with the Chartered Banks throughout the whole of the 1957-58 Crop Year. Board borrowings from the Chartered Banks reached a maximum of \$133,429,080.49 on March 26, 1958, but had declined to \$104,875,335.72 as at July 31, 1958. The interest rate in effect as at July 31, 1958 on Board loans from the Chartered Banks was 4% per annum.

Liability to Agents—\$388,579,321.73

Grain Companies acting in the capacity of Agents of the Board accept deliveries from producers at country elevators and on behalf of the Board pay the producers basis the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents at terminal or mill positions. Liability to Agents amounting to \$388,579,321.73 represents the amount payable by the Board to its Agents for purchases of wheat, oats and barley from producers at country elevator points to July 31, 1958 for which delivery to and settlement by the Board will be completed subsequent to the year-end date.

Amounts Due to Producers

ADJUSTMENT PAYMENTS

There were no adjustment payments authorized on the 1957-58 Pool Accounts for wheat, oats and barley, but in respect to adjustment payments which had been authorized on previous pool accounts there was still outstanding as at July 31, 1958 the sum of \$604,451.91 consisting of the following:

	Outstanding Certificates	Outstanding Cheques	Total
WHEAT			
Balance payable on the three adjustment pay- ments authorized on the 1945-49 Pool Account	\$550,646.04	\$37,017.37	\$587,663.41
1950-51 Pool Account.....		3,835.46	3,835.46
1951-52 Pool Account.....		4,098.12	4,098.12
1952-53 Pool Account.....		2,580.73	2,580.73
	550,646.04	47,531.68	598,177.72
COARSE GRAINS			
1950-51 Pool Account—Oats.....		737.68	737.68
1950-51 Pool Account—Barley.....		905.39	905.39
1951-52 Pool Account—Barley.....		627.19	627.19
1952-53 Pool Account—Barley.....		1,006.68	1,006.68
1954-55 Pool Account—Oats.....		1,465.18	1,465.18
1954-55 Pool Account—Barley.....		1,532.07	1,532.07
		6,274.19	6,274.19
Total amount payable on adjustment payments— wheat and coarse grains.....	\$550,646.04	\$53,805.87	\$604,451.91

In the period from August 1, 1958 to December 31, 1958 the Board paid \$827.73 in respect to the above liability of \$604,451.91.

INTERIM PAYMENTS

In the crop year under review an interim payment was authorized on the 1956-57 Pool Account for wheat in accordance with the provisions of Section 26(3) of the Canadian Wheat Board Act and Order in Council P.C. 1958-213, February 7, 1958. The payment applied to deliveries of wheat by producers on the 1956-57 Pool Account in the period from August 1, 1956 to July 31, 1957 and amounted to \$39,160,395.34. As at July 31, 1958 there was still outstanding the sum of \$345,652.53 in respect to this and other interim payments and this amount consisted entirely of cheques in the hands of producers which had not been presented to the Board for payment. The detail of the amount outstanding, is as follows:

	Outstanding Cheques
1952-53 Pool Account.....	\$ 7,151.22
1953-54 Pool Account.....	7,431.43
1954-55 Pool Account.....	6,023.60
1955-56 Pool Account.....	15,799.17
1956-57 Pool Account.....	309,247.11
	<u>\$345,652.53</u>

During the period from August 1, 1958 to December 31, 1958 the Board paid \$215,771.52 in respect to the above liability of \$345,652.53.

FINAL PAYMENTS

Amounts due to producers on outstanding participation certificates and cheques with respect to final payments on the undernoted accounts are as follows:

	Outstanding Certificates	Outstanding Cheques	Total
WHEAT			
1945-49 Pool Account.....	\$328,312.76	\$ 39,283.27	\$ 367,596.03
1950-51 Pool Account.....		10,531.63	10,531.63
1951-52 Pool Account.....		9,007.88	9,007.88
1952-53 Pool Account.....		6,743.11	6,743.11
1953-54 Pool Account.....		8,187.53	8,187.53
1954-55 Pool Account.....		14,205.53	14,205.53
1955-56 Pool Account.....		28,210.40	28,210.40
1956-57 Pool Account.....		2,809,313.27	2,809,313.27
	<u>328,312.76</u>	<u>2,925,482.62</u>	<u>3,253,795.38</u>
COARSE GRAINS			
1949-50 Pool Account—Oats.....		4,024.81	4,024.81
1949-50 Pool Account—Barley.....		3,839.24	3,839.24
1950-51 Pool Account—Oats.....		2,610.66	2,610.66
1950-51 Pool Account—Barley.....		1,805.81	1,805.81
1951-52 Pool Account—Oats.....		4,350.91	4,350.91
1951-52 Pool Account—Barley.....		1,756.14	1,756.14
1952-53 Pool Account—Oats.....		1,691.96	1,691.96
1952-53 Pool Account—Barley.....		4,680.41	4,680.41
1953-54 Pool Account—Oats.....		2,580.32	2,580.32
1953-54 Pool Account—Barley.....		2,332.14	2,332.14
1954-55 Pool Account—Oats.....		1,446.76	1,446.76
1954-55 Pool Account—Barley.....		2,155.57	2,155.57
1955-56 Pool Account—Oats.....		2,512.75	2,512.75
1955-56 Pool Account—Barley.....		3,922.16	3,922.16
1956-57 Pool Account—Barley.....		339,047.32	339,047.32
		<u>378,756.96</u>	<u>378,756.96</u>
Total amount payable on final payments—wheat and coarse grains.....	<u>\$328,312.76</u>	<u>\$3,304,239.58</u>	<u>\$3,632,552.34</u>

During the period from August 1, 1958 to December 31, 1958 the Board paid \$2,956,631.38 in respect to the above liability of \$3,632,552.34.

Accrued Expenses and Accounts Payable—\$10,459,815.41

This item comprises in the main accrued carrying charges, storage and interest charges to July 31, 1958 together with sundry accounts which were unpaid as at the year-end date.

Special Account—Net Balance of Undistributed Payment Accounts—\$609,327.67

In accordance with the provisions of Section 29A of the Canadian Wheat Board Act the Board was authorized with the approval of the Governor in Council to transfer to a Special Account the balances remaining in specific payment accounts and to use these funds for such purposes as the Governor in Council upon the recommendation of the Board considers to be for the benefit of producers. The following summary sets forth the details of transactions affecting the Special Account for the crop year under review:

Balance of the Special Account as at July 31, 1957.....				\$ 715,946.65
(During the crop year under review there were no transfers to the Special Account under the authority of Section 29A of the Canadian Wheat Board Act)				
<i>Less: Expenditures authorized under the provisions of Section 29A(2) of the Canadian Wheat Board Act and the following Orders in Council:</i>				
Order in Council P.C. 1955-1607, October 26, 1955				
Total authorization—\$75,000.00				
Unexpended July 31, 1957.....	\$ 1,246.32			
<i>Less: Unexpended July 31, 1958.....</i>	Nil		\$ 1,246.32	
Order in Council P.C. 1956-1156, July 26, 1956				
Total authorization \$15,000.00				
Unexpended July 31, 1957.....	10,793.28			
<i>Less: Unexpended July 31, 1958.....</i>	2,388.57		8,404.71	
Order in Council P.C. 1958-137, January 25, 1958				
Total authorization.....	50,000.00			
<i>Less: Unexpended July 31, 1958.....</i>	13,032.05		36,967.95	
Order in Council P.C. 1958-137, January 25, 1958				
Total authorization.....	60,000.00			
<i>Less: Unexpended July 31, 1958.....</i>	Nil		60,000.00	106,618.98
Balance of the Special Account as at July 31, 1958.....				<u>\$ 609,327.67</u>

The CHAIRMAN: Advance payments to producers. Is it agreed that we take this as read?

Agreed.

Advance Payments to Producers

During the year under review the Government of Canada passed the Prairie Grain Advance Payments Act which came into force on November 25, 1957. Under the terms of the legislation the Board was authorized to make Advance Payments to producers on farm stored wheat, oats and barley at the rates of 50 cents per bushel for wheat, 20 cents per bushel for oats and 35 cents per bushel for barley subject to a limitation of the deliverable quantity of grain and to a maximum amount of \$3,000.00 for each applicant and to recover Advance Payments so made by deduction from the value of wheat, oats or barley delivered by producers subsequent to the date of receiving an Advance Payment.

For the purpose of making Advance Payments to producers the Board was authorized to borrow money from the Chartered Banks, such borrowings and the interest thereon to be guaranteed by the Government of Canada.

The result of transactions in respect to Advance Payments to producers for the period from November 25, 1957 to July 31, 1958 is set forth in Part IV of this report. As at the year-end date there was an amount of \$1,258,687.86 still to be refunded by producers in respect to Advance Payments, but during the period from August 1, 1958 to December 31, 1958 refunds totalling \$1,058,876.86 were received by the Board, leaving a balance still to be refunded in the amount of \$199,811.00. Interest charges on bank borrowings to July 31, 1958 under the Prairie Grain Advance Payments Act amounted to \$476,917.47 and this amount, together with interest charges incurred subsequent to July 31, 1958 and applicable to Advance Payment transactions for the year under review will be paid by the Government of Canada in accordance with the provisions of Section 15A of the Prairie Grain Advance Payments Act.

Mr. HORNER (*Jasper-Edson*): I have a question in respect of advance payments. Are your agents liable for some of these advances to producers?

Mr. McNAMARA: Yes.

Mr. HORNER (*Jasper-Edson*): How much?

Mr. McNAMARA: We negotiate with the companies.

Mr. EARL: It is 10 per cent of the amount of the account or one quarter of one per cent of the total advance made by that company, whichever is the lesser.

Mr. HORNER (*Jasper-Edson*): Some of these elevator companies, I believe, are discouraging farmers from taking these cash advances.

Mr. EARL: That is always the privilege of the company itself. There is nothing in the legislation which forces a company to give the man an advance. He has to assess the risk he is taking in making that advance and if the agent decides he is not prepared to take that risk then he is entitled not to do so.

Mr. HORNER (*Jasper-Edson*): Are they entitled to go to another elevator company?

Mr. EARL: Yes. They can go to anybody they wish.

Mr. HORNER (*Acadia*): Then he would have to transfer the permit book.

Mr. RIDDEL: The endorsement on the permit book takes care of it.

Mr. KORCHINSKI: Can you tell me when the advisory board is appointed, by whom, and for how long a term?

Mr. McNAMARA: They are appointed by the governor in council. I do not think the term is provided. I believe they are appointed at the pleasure of the governor in council.

The CHAIRMAN: Shall we take the statements of operations as read?

Agreed.

STATEMENTS OF OPERATIONS

Wheat Division—1957-58 Pool Account—Exhibit II

As at July 31, 1958 stocks of wheat remaining unsold in the 1957-58 Pool Account and stocks of wheat which had been sold, but on a deferred price basis, amounted to 345,490,152.9 bushels.

In accordance with accepted accounting practice and consistent with the basis of valuation adopted for previous fiscal years this inventory for purposes of the Board's accounts as at July 31, 1958 has been valued at cost. Included in the inventory figure of 345,490,152.9 bushels is an amount of 14,940,712.0 bushels which was the balance of the stocks transferred from the 1956-57 Pool Account

as at May 9, 1958 and which were still on hand as at July 31, 1958. In respect to this item in the inventory cost is the price at which the transfer from the 1956-57 Pool Account was made, namely, the Board's quoted prices as at the close of business May 9, 1958. Relevant to the balance of the inventory amounting to 330,549,440.9 bushels cost is the initial price paid to producers in the 1957-58 Crop Year which was \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Included in the operating results on the 1957-58 Pool Account to July 31, 1958 is an amount of \$10,297,425.39 representing a portion of the carrying charges received from the Government of Canada during the 1957-58 Crop Year under the provisions of the Temporary Wheat Reserves Act. The total carrying charges received under this legislation for the 1957-58 Crop Year amounted to \$35,553,508.64. The Board recommended and the Governor in Council approved by Order in Council P.C. 1958-760, May 30, 1958 that these carrying charges be allocated as follows:

1956-57 Pool Account—Wheat	\$25,256,083.25
1957-58 Pool Account—Wheat	10,297,425.39
	<hr/>
	\$35,553,508.64
	<hr/> <hr/>

During the 1958-59 Crop Year the Board will receive from the Government of Canada \$39,825,303.48 for carrying charges under the provisions of the Temporary Wheat Reserves Act and this amount will be allocated between the 1957-58 Pool Account for Wheat and the 1958-59 Pool Account for Wheat. At the date of this Report this allocation had not been determined.

In terms of the foregoing and on the basis of the valuation of the inventory, but without provisions for carrying costs, interest, administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1957-58 Pool Account—Wheat to July 31, 1958 showed a debit balance of \$5,623,670.52. This debit balance should not be viewed as the final result of marketing operations on the 1957-58 Pool Account—Wheat.

Oats and Barley Division—Exhibits III and IV

Under the authority of the Canadian Wheat Board Act and Order in Council P.C. 1957-820, June 13, 1957 the Board was authorized to purchase from producers during the 1957-58 Crop Year oats and barley produced in the designated area and to pay to producers a fixed initial price of 60 cents per bushel for No. 2 Canada Western Oats and a fixed initial price of 96 cents per bushels for No. 3 Canada Western Six-Row Barley, both prices basis in store Fort William/Port Arthur. As at July 31, 1958 stocks of oats and barley remaining unsold in the 1957-58 Pool Accounts amounted to 40,165,633.0 bushels and 32,904,577.3 bushels respectively.

In accordance with accepted accounting practice these inventories for purposes of the Board's accounts at July 31, 1958 have been valued at cost. Cost is the Board's initial price paid to producers for oats and barley in the 1957-58 Crop Year. With respect to oats this price was 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and with respect to barley this price was 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur.

On the basis of the valuation of the inventories but without provisions for carrying costs, interest, administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1957-58 Pool Accounts for oats and barley to July 31, 1958 showed a debit balance on oats of \$2,429,045.62 and a credit balance on barley of \$3,949,395.91. These results should not be viewed as the final results of marketing operations on the 1957-58 Pool Accounts for oats and barley.

Schedule of Administrative and General Expenses—Exhibit VII

The total expenditures under this heading for the crop year under review amounted to \$3,142,474.88 comprising expenses applicable to the Board's offices at Winnipeg, Calgary, Vancouver, Montreal, London (England) and Rotterdam (Netherlands). Details of these expenditures and the allocations to Board operations are set forth in Exhibit VII.

The CHAIRMAN: Shall we take as read Exhibits 1 to 7 inclusive?

Agreed.

THE CANADIAN WHEAT BOARD

CONSOLIDATED BALANCE SHEET

As at 31st July 1958

Exhibit I

ASSETS

Stocks of grain:		
Wheat stocks—stated at contract prices basis in store Fort William/Port Arthur, Vancouver or Churchill.....	\$109,064,032.25	
Wheat stocks—stated at cost prices basis in store Fort William/Port Arthur or Vancouver.....	445,525,990.90	
		\$ 554,590,023.15
Oats stocks—stated at contract prices basis in Store Fort William/Port Arthur.....	49,414.24	
Oats stocks—stated at cost prices basis in store Fort William/Port Arthur...	22,134,960.69	22,184,374.93
Barley stocks—stated at contract prices basis in store Fort William/Port Arthur.....	13,139,746.56	
Barley stocks—stated at cost prices basis in store Fort William/Port Arthur...	28,331,056.84	41,470,803.40
Accounts receivable.....		2,582,068.40
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association Limited and the Lake Shippers' Clearance Association.....		20,810.09
The Canadian Wheat Board Building, Winnipeg, at cost less depreciation.....		356,400.00
Deferred and prepaid expenses.....		19,327.29
Office furniture, equipment and automobiles, at cost less depreciation.....		118,761.96
Debit balance—1957-58 Pool Account—Wheat.....		5,623,670.52
Debit balance—1957-58 Pool Account—Oats.....		2,429,045.62
		<u>\$ 629,395,285.36</u>

LIABILITIES

Bank Loans.....		\$ 104,875,335.72
Liability to Agents for grain purchased from Producers but not yet delivered to the Board.....		388,579,321.73
Advances received on Agency wheat stocks.....		115,414,934.69
Amounts due to Producers:		
Outstanding certificates and cheques:		
Balance of adjustment payments—		
Wheat.....	\$ 598,177.72	
Coarse Grains.....	6,274.19	
Balance of interim payments—		
Wheat.....	345,652.53	
Balance of final payments—		
Wheat.....	3,253,795.38	
Coarse Grains.....	378,756.96	4,582,656.78
Accrued expenses and accounts payable.....		10,459,815.41
Provisions for final payment expenses.....		924,497.45
Special Account—net balance of undistributed payment accounts.....		609,327.67
Credit balance—1957-58 Pool Account—Barley.....		3,949,395.91
		<u>\$ 629,395,285.36</u>

This is the Consolidated Balance Sheet which is referred to in our report of this date.

Approved:

W. C. McNAMARA,
Chief Commissioner

W. RIDDEL,
Assistant Chief Commissioner

W. E. ROBERTSON,
Commissioner

J. T. DALLAS,
Commissioner

Winnipeg, Manitoba,
31st December 1958.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

THE CANADIAN WHEAT BOARD
1957-58 POOL ACCOUNT—WHEAT
STATEMENT OF OPERATIONS
For the crop year ended 31st July 1958

	<i>Bushels</i>		<i>Amount</i>	
Wheat acquired:				
Purchased from Producers at Board initial prices basis in store Fort William/ Port Arthur or Vancouver.....	376,867,203.4		\$484,098,963.33	
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	1,573,562.3		2,055,734.20	
Purchased from 1956-57 Pool Account—Wheat.....	135,739,249.1	514,180,014.8	203,962,890.57	\$ 690,117,588.10
Wheat sold:				
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:				
Domestic.....	14,366,797.5			
Export sales at Class II prices.....	68,778,341.5			
Export sales under the terms of the International Wheat Agreement.....	15,616,998.7			
Weight losses in transit and in drying.....	1,562.8	98,763,700.5	\$149,779,877.57	
Uncompleted sales at contract prices basis in store Fort William/Port Arthur, Vancouver or Churchill:				
Domestic.....	24,118,693.1			
Export sales at Class II prices.....	38,414,810.5			
Export sales under the terms of the International Wheat Agreement.....	7,392,657.8	69,926,161.4	109,064,032.25	258,843,909.82
Stocks of wheat—stated at cost prices basis in store Fort William/Port Arthur or Vancouver.....		345,490,152.9	445,525,990.90	704,369,900.72
Surplus on wheat transactions.....		514,180,014.8		14,252,312.62
Deduct: Carrying costs, interest, administrative and general expenses, etc:				
Carrying charges:				
Carrying charges on wheat stored in country elevators.....			22,524,038.28	
Storage on wheat stored in terminal elevators.....			3,524,692.44	
Net interest paid to agents on agency wheat stocks.....			1,514,102.69	
			27,562,833.41	
Less: Carrying charges received under the Temporary Wheat Reserves Act.....			10,297,425.39	17,265,408.02

Bank interest, exchange and bank charges less net interest recovered from other Board accounts.....	1,078,624.43	
Net additional freight on wheat shipped from country stations to terminal positions.....	290,505.81	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....	50,158.96	
Drying charges.....	1,800.66	
Administrative and general expenses to 31st July 1958.....	1,189,485.26	19,875,983.14
		<hr/>
Debit balance in the 1957-58 Pool Account—Wheat, as at 31st July 1958, after valuing stocks of wheat on hand at cost prices basis in store Fort William/Port Arthur or Vancouver.....		\$ 5,623,670.52
		<hr/> <hr/>

THE CANADIAN WHEAT BOARD
1957-58 POOL ACCOUNT—OATS
STATEMENT OF OPERATIONS
For the crop year ended 31st July 1958

	Bushels	Amount
Oats acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	57,849,770.5	\$31,962,555.43
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	41.0	21.85
Purchased from 1956-57 Pool Account—Oats.....	2,540,000.0	1,625,600.00
	60,389,811.5	\$33,588,177.28
Oats sold:①		
Completed sales at realized prices basis in store Fort William/Port Arthur.....	20,157,534.8	12,738,540.64
Uncompleted sales at contract prices basis in store Fort William/Port Arthur.....	66,643.7	49,414.24
Stocks of oats—stated at cost prices basis in store Fort William/Port Arthur.....	40,165,633.0	22,134,960.69
	60,389,811.5	34,922,915.57
Surplus on oats transactions.....		1,334,738.29
Deduct: Carrying costs, interest, administrative and general expenses, etc:		
Carrying charges:		
Carrying charges on oats stored in country elevators.....		\$ 3,088,729.75
Storage on oats stored in terminal elevators.....		372,076.36
		3,460,806.11
Interest and bank charges.....		108,609.84
Freight recovered on shipments of oats to Vancouver for export.....		(9,470.93)
Brokerage and Clearing Association charges.....		8,044.88
Administrative and general expenses to 31st July 1958.....		195,794.01
		3,763,783.91
Debit balance in the 1957-58 Pool Account—Oats, as at 31st July 1958, after valuing stocks of oats on hand at cost prices basis in store Fort William/Port Arthur.....		\$ 2,429,045.62

① Excluding open futures sales contracts of 14,931,000 bushels of October oats and 351,000 bushels of December oats adjusted to the market close as at 31st July 1958.

THE CANADIAN WHEAT BOARD
1957-58 Pool Account—Barley
STATEMENT OF OPERATIONS
For the crop year ended 31st July 1958

Exhibit IV

	Bushels		Amount
Barley acquired:			
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	116,409,129.4		\$103,275,309.61
Barley otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	1,668.1		1,263.21
Purchased from 1956-57 Pool Account—Barley.....	964,692.3		868,223.07
	<u>117,375,489.8</u>		<u>\$104,144,795.89</u>
Barley sold:①			
Completed sales at realized prices basis in store Fort William/Port Arthur.....	71,560,359.8		70,517,130.91
Weight losses in drying.....	6,568.4		
Uncompleted sales at contract prices basis in store Fort William/Port Arthur.....	12,903,984.3		13,139,746.56
Stocks of barley—stated at cost prices basis in store Fort William/Port Arthur.....	32,904,577.3		28,331,056.84
	<u>117,375,489.8</u>		<u>111,987,934.31</u>
Surplus on barley transactions.....			7,843,138.42
Deduct: Carrying costs, interest, administrative and general expenses, etc;			
Carrying charges:			
Carrying charges on barley stored in country elevators.....		\$ 3,439,323.60	
Storage on barley stored in terminal elevators.....		222,700.62	
		<u>3,662,024.22</u>	
Interest and bank charges.....			(2,649.11)
Freight recovered on shipments of barley to Pacific Coast ports for export.....			(220,940.28)
Diversion charges on shipments of barley to Pacific Coast ports for export.....			54,156.83
Drying charges.....			11,792.36
Brokerage and Clearing Association charges.....			7,384.34
Administrative and general expenses to 31st July 1958.....			381,974.15
			<u>3,893,742.51</u>
Credit balance in the 1957-58 Pool Account—Barley, as at 31st July 1958, after valuing stocks of barley on hand at cost prices basis in store Fort William/Port Arthur.....			<u>\$ 3,949,395.91</u>

①Excluding open future sales contracts of 9,192,000 bushels of October barley and open futures purchase contracts of 3,454,000 bushels of May barley adjusted to the market close as at 31st July 1958.

THE CANADIAN WHEAT BOARD
STATEMENT OF PAYMENTS TO PRODUCERS
As at 31st July 1958

Exhibit V

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	Total Amounts Payable to Producers	Cheques Cashed by Producers to 31st July 1958	Balances Payable to Producers as at 31st July 1958
Adjustment Payments:			
Wheat:			
1945-49 Pool Account.....	\$ 388,564,142.91	\$ 387,976,479.50	\$ 587,663.41
1950-51 Pool Account.....	49,629,262.54	49,625,427.08	3,835.46
1951-52 Pool Account.....	47,681,245.77	47,677,147.65	4,098.12
1952-53 Pool Account.....	61,124,386.63	61,121,805.90	2,580.73
	<u>546,999,037.85</u>	<u>546,400,860.13</u>	<u>598,177.72</u>
Coarse Grains:			
1950-51 Pool Account—Oats.....	5,707,963.15	5,707,225.47	737.68
1950-51 Pool Account—Barley.....	11,173,606.63	11,172,701.24	905.39
1951-52 Pool Account—Barley.....	13,600,641.70	13,600,014.51	627.19
1952-53 Pool Account—Barley.....	14,467,203.86	14,466,197.18	1,006.68
1954-55 Pool Account—Oats.....	3,241,697.20	3,240,232.02	1,465.18
1954-55 Pool Account—Barley.....	7,900,535.63	7,899,003.56	1,532.07
	<u>56,091,648.17</u>	<u>56,085,373.98</u>	<u>6,274.19</u>
Interim Payments:			
Wheat:			
1952-53 Pool Account.....	63,962,036.83	63,954,885.61	7,151.22
1953-54 Pool Account.....	38,638,704.15	38,631,272.72	7,431.43
1954-55 Pool Account.....	22,261,003.14	22,254,979.54	6,023.60
1955-56 Pool Account.....	37,339,123.87	37,323,324.70	15,799.17
1956-57 Pool Account.....	39,160,395.34	38,851,148.23	309,247.11
	<u>201,361,263.33</u>	<u>201,015,610.80</u>	<u>345,652.53</u>
Final Payments:			
Wheat:			
1945-49 Pool Account.....	119,075,039.68	118,707,443.65	367,596.03
1950-51 Pool Account.....	104,933,267.56	104,922,735.93	10,531.63
1951-52 Pool Account.....	114,585,112.68	114,576,104.80	9,007.88
1952-53 Pool Account.....	58,282,438.38	58,275,695.27	6,743.11
1953-54 Pool Account.....	25,411,407.89	25,403,220.36	8,187.53
1054-55 Pool Account.....	39,679,620.35	39,665,414.82	14,205.53
1955-56 Pool Account.....	41,953,923.81	41,925,713.41	28,210.40
1956-57 Pool Account.....	25,083,690.12	22,274,376.85	2,809,313.27
	<u>529,004,500.47</u>	<u>525,750,705.09</u>	<u>3,253,795.38</u>

STANDING COMMITTEE

Coarse Grains:

1949-50 Pool Account—Oats.....	15,546,322.39	15,542,297.58	4,024.81
1949-50 Pool Account—Barley.....	26,643,973.33	26,640,134.09	3,839.24
1950-51 Pool Account—Oats.....	9,639,421.43	9,636,810.77	2,610.66
1950-51 Pool Account—Barley.....	15,112,054.03	15,110,248.22	1,805.81
1951-52 Pool Account—Oats.....	24,746,258.79	24,741,907.88	4,350.91
1951-52 Pool Account—Barley.....	19,241,174.36	19,239,418.22	1,756.14
1952-53 Pool Account—Oats.....	10,949,996.58	10,948,304.62	1,691.96
1952-53 Pool Account—Barley.....	21,408,203.67	21,403,523.26	4,680.41
1953-54 Pool Account—Oats.....	5,631,130.40	5,628,550.08	2,580.32
1953-54 Pool Account—Barley.....	9,833,495.41	9,831,163.27	2,332.14
1954-55 Pool Account—Oats.....	3,779,605.60	3,778,158.84	1,446.76
1954-55 Pool Account—Barley.....	6,536,611.93	6,534,456.36	2,155.57
1955-56 Pool Account—Oats.....	8,169,672.90	8,167,160.15	2,512.75
1955-56 Pool Account—Barley.....	15,217,219.17	15,213,297.01	3,922.16
1956-57 Pool Account—Barley.....	7,570,416.35	7,231,369.03	339,047.32
	200,025,556.34	199,646,799.38	378,756.96
Total—all Accounts.....	\$ 1,533,482,006.16	\$ 1,528,899,349.38	\$ 4,582,656.78

THE CANADIAN WHEAT BOARD
STATEMENT OF PROVISIONS FOR FINAL PAYMENT EXPENSES
To 31st July 1958

	Original Provisions	Payment Costs and other Adjustments to 31st July 1957	Payment Costs Year Ended 31st July 1958	Exchange, Commissions and other Adjustments 1957-58 Year	Balance of Original Provisions	Net Interest Credits on Surplus Funds to 31st July 1958	Balance as at 31st July 1958
Wheat;							
1945-49 Pool Account.....	\$ 450,052.01	\$ 569,046.62	\$ 11,797.82	\$ 4,421.09	(\$135,213.52)	\$303,321.08	\$168,107.56
1950-51 Pool Account.....	225,907.74	282,855.42	1,248.10	407.93	(58,603.71)	50,396.56	(8,207.15)
1951-52 Pool Account.....	262,601.16	272,609.31	1,843.74	43.53	(11,895.42)	69,299.93	57,404.51
1952-53 Pool Account.....	168,509.10	187,867.66	1,744.85	269.24	(21,372.65)	178,034.58	156,661.93
1953-54 Pool Account.....	139,557.42	112,165.18	1,930.68	(90.55)	25,552.11	9,709.89	35,262.00
1954-55 Pool Account.....	161,410.82	161,491.48	3,654.85	46.44	(3,781.95)	19,650.79	15,868.84
1955-56 Pool Account.....	159,644.57	116,883.48	23,385.05	4,160.58	15,215.46	33,095.32	48,310.78
1956-57 Pool Account.....	141,738.03	—	71,005.31	31,122.32	39,610.40	80,524.91	120,135.31
	<u>1,709,420.85</u>	<u>1,702,919.15</u>	<u>116,610.40</u>	<u>40,380.58</u>	<u>(150,489.28)</u>	<u>744,033.06</u>	<u>593,543.78</u>
Coarse Grains;							
1949-50 Pool Account—Oats.....	81,867.67	61,241.36	29.18	153.93	20,443.20	7,649.13	28,092.33
1949-50 Pool Account—Barley.....	88,713.98	66,603.85	29.18	109.21	21,971.74	8,649.80	30,621.54
1950-51 Pool Account—Oats.....	59,846.99	68,278.32	57.83	.74	(8,489.90)	5,020.67	(3,469.23)
1950-51 Pool Account—Barley.....	63,076.03	68,156.92	79.45	.78	(5,161.12)	6,842.29	1,681.17
1951-52 Pool Account—Oats.....	86,315.60	92,678.38	446.36	28.18	(6,837.32)	10,465.74	3,628.42
1951-52 Pool Account—Barley.....	78,000.10	86,864.98	437.45	.14	(9,302.47)	8,294.40	(1,008.07)
1952-53 Pool Account—Oats.....	74,171.79	68,918.93	403.09	.06	4,849.71	14,632.79	19,482.50
1952-53 Pool Account—Barley.....	94,111.14	91,405.88	451.03	41.05	2,213.18	39,515.17	41,728.35
1953-54 Pool Account—Oats.....	69,995.33	59,081.85	559.47	.17	10,353.84	13,403.16	23,757.00
1953-54 Pool Account—Barley.....	80,287.94	68,416.61	531.65	.50	11,339.18	20,554.80	31,893.98
1954-55 Pool Account—Oats.....	60,307.99	41,642.21	1,902.13	3.18	16,760.47	11,388.21	28,148.68
1954-55 Pool Account—Barley.....	79,903.89	57,426.78	1,700.68	4.52	20,771.91	17,361.91	28,133.82
1955-56 Pool Account—Oats.....	58,293.43	47,325.68	4,611.61	36.44	6,319.70	5,528.53	11,848.23
1955-56 Pool Account—Barley.....	81,599.80	65,713.76	5,385.17	57.45	10,443.42	16,773.95	27,217.37
1956-57 Pool Account—Barley.....	80,152.07	—	37,071.75	10,189.02	32,891.30	16,306.28	49,197.58
	<u>1,136,643.75</u>	<u>943,755.51</u>	<u>53,696.03</u>	<u>10,625.37</u>	<u>128,566.84</u>	<u>202,386.83</u>	<u>330,953.67</u>
Total—all Accounts.....	<u>\$2,846,064.60</u>	<u>\$2,646,674.66</u>	<u>\$170,306.43</u>	<u>\$51,005.95</u>	<u>(\$ 21,922.44)</u>	<u>\$946,419.89</u>	<u>\$924,497.45</u>

THE CANADIAN WHEAT BOARD

Exhibit VII

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS TO OPERATIONS
For the year ended 31st July 1958

Administrative and general expenses:

Salaries—Board members, officers and staff.....	\$ 2,122,640.11
Unemployment insurance.....	16,252.95
Advisory Committee—travelling expenses and per diem allowance.....	1,182.15
Rental and lighting of offices, including maintenance of The Canadian Wheat Board Building, Winnipeg.....	219,151.24
Telephone—exchange service and long distance calls.....	39,884.14
Telegrams, cables and telex expense.....	21,808.31
Postage.....	76,625.94
Printing, stationery and supplies.....	170,943.49
Office expenses.....	16,063.84
Advertising.....	2,134.78
Travelling expenses.....	42,195.51
Travelling expenses—Inspectors.....	36,837.02
Legal fees and court costs.....	8,471.80
Audit fees.....	50,500.00
Tabulating equipment—rental and sundries.....	156,134.83
Repairs and upkeep of office machinery and equipment... ..	5,077.08
Grain market publications and services.....	5,177.96
Bonds and insurance.....	3,949.88
Grain Exchange dues.....	3,120.00
Express, freight and cartage on stationery, etc.....	13,848.81
Depreciation on furniture, equipment and automobiles... ..	16,807.34
Contributions to Pension Fund, actuarial and other expenses	113,667.70
	<u>\$ 3,142,474.88</u>

Allocations to operations:

1. Marketing of Producers' grain (including cost of distributing interim payments, if any):

1957-58 Pool Account—Wheat.....	\$ 1,189,485.26
1957-58 Pool Account—Oats.....	195,794.01
1957-58 Pool Account—Barley.....	381,974.15
1956-57 Pool Account—Wheat.....	984,913.42
1956-57 Pool Account—Oats.....	70,788.79
1956-57 Pool Account—Barley.....	89,212.82

\$ 2,912,168.45

2. Distributing final payments to Producers:

(a) Wheat:

1956-57 Pool Account.....	71,005.31
1955-56 Pool Account.....	23,385.05
1954-55 Pool Account.....	3,654.85
1953-54 Pool Account.....	1,930.68
1952-53 Pool Account.....	1,744.85
1951-52 Pool Account.....	1,843.74
1950-51 Pool Account.....	1,248.10
1945-49 Pool Account.....	11,797.82

116,610.40

(b) Coarse Grains:

1956-57 Pool Account—Barley.....	37,071.75
1955-56 Pool Account—Oats.....	4,611.61
1955-56 Pool Account—Barley.....	5,385.17
1954-55 Pool Account—Oats.....	1,902.13
1954-55 Pool Account—Barley.....	1,700.68
1953-54 Pool Account—Oats.....	559.47
1953-54 Pool Account—Barley.....	531.65
1952-53 Pool Account—Oats.....	403.09
1952-53 Pool Account—Barley.....	451.03
1951-52 Pool Account—Oats.....	446.36
1951-52 Pool Account—Barley.....	437.45
1950-51 Pool Account—Oats.....	57.83
1950-51 Pool Account—Barley.....	79.45
1949-50 Pool Account—Oats.....	29.18
1949-50 Pool Account—Barley.....	29.18

53,696.03

3. Allocation authorized by Order-in-Council P.C. 1958-137 from Special Account—Undistributed Payment Accounts in partial payment of administrative and general expenses incurred in connection with the Prairie Grain Advance Payments Act.....

60,000.00

\$ 3,142,474.88

The CHAIRMAN: Shall we take part III, the auditors' report, as read:
Agreed.

PART III

AUDITORS' REPORT

MILLAR, MACDONALD & Co.

Chartered Accountants

The Canadian Wheat Board,
Winnipeg, Manitoba.

We have examined the Consolidated Balance Sheet of The Canadian Wheat Board as at 31st July 1958 and the statements of operations and supporting schedules for the crop year ended on that date and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the Board, the accompanying Consolidated Balance Sheet and statements of operations and supporting schedules are properly drawn up so as to exhibit a true and correct view of the financial position of The Canadian Wheat Board as at 31st July 1958, and the results of its operations for the crop year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MILLAR, MACDONALD & CO.,
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
31st December 1958.

The CHAIRMAN: Shall we take part IV as read?
Agreed.

PART IV

THE CANADIAN WHEAT BOARD

STATEMENT OF ADVANCE PAYMENTS TO PRODUCERS
UNDER THE PRAIRIE GRAIN ADVANCE PAYMENTS ACT

For the period from 25th November 1957 to 31st July 1958

Total Advances made to Producers during the period	\$35,204,207.00	
Less: Advances repaid by Producers during the period	33,945,519.14	
		<hr/>
Balance still to be refunded by Producers as at 31st July 1958		\$1,258,687.86
Bank interest to 31st July 1958 payable by the Government of Canada under the provisions of Section 15 (a) of the Prairie Grain Advance Payments Act		476,917.47
		<hr/>
Liability to the Banks as at 31st July 1958		\$1,735,605.33
		<hr/> <hr/>

AUDITORS' REPORT

We have examined the above Statement of Advance Payments to Producers under the Prairie Grain Advance Payments Act for the period from 25th November 1957 to 31st July 1958 and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the above Statement of Advance Payments to Producers is properly drawn up so as to exhibit a true and correct view of the result of transactions on this account for the period from 25th November 1957 to 31st July 1958 according to the best of our information, the explanations given to us, and as shown by the records separately maintained by The Canadian Wheat Board for transactions under the Prairie Grain Advance Payments Act.

MILLAR, MACDONALD & CO.,
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
31st December 1958.

The CHAIRMAN: Shall we take the addenda, with statistical tables I to XXIII, as read?

Agreed.

ADDENDA

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TABLE I
ACREAGE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES
1931-1958

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
			(Thousands of Acres)			
1931.....	25,586	8,279	3,214	733	641	38,453
1932.....	26,395	8,533	3,154	706	454	39,242
1933.....	25,177	8,945	3,032	520	236	37,910
1934.....	23,296	9,115	2,962	619	218	36,210
1935.....	23,293	9,478	3,187	649	296	36,903
1936.....	24,838	8,674	3,724	561	468	38,265
1937.....	24,599	8,579	3,562	808	233	37,781
1938.....	24,946	8,518	3,687	655	202	38,008
1939.....	25,813	8,227	3,607	1,014	288	38,949
1940.....	27,750	7,818	3,622	943	364	40,497
1941.....	21,216	8,204	4,779	844	1,030	36,073
1942.....	20,653	9,528	6,365	1,227	1,510	39,283
1943.....	16,026	11,266	7,682	447	2,955	38,376
1944.....	21,900	9,731	6,535	582	1,191	39,939
1945.....	22,430	9,785	6,516	422	848	40,001
1946.....	23,731	8,470	5,788	643	865	39,497
1947.....	23,357	7,818	7,035	1,124	1,724	41,058
1948.....	22,820	7,516	6,082	2,225	1,880	40,523
1949.....	26,524	7,355	5,617	1,095	290	40,881
1950.....	26,382	7,520	6,205	1,041	541	41,689
1951.....	24,385	8,312	7,530	1,047	1,086	42,360
1952.....	25,372	7,560	8,145	1,153	1,027	43,257
1953.....	25,517	6,490	8,599	1,421	908	42,935
1954.....	24,707	6,715	7,568	687	1,148	40,825
1955.....	21,964	7,788	9,638	665	1,809	41,864
1956.....	22,064	8,658	8,181	452	3,010	42,365
1957.....	20,360	7,805	9,209	455	3,462	41,291
1958 [ⓐ]	20,244	7,584	9,369	419	2,644	40,260

[ⓐ]Preliminary—basis estimate of November 12, 1958.

Source: Dominion Bureau of Statistics.

TABLE II
YIELD PER ACRE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES
1931-1958

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed
			(Bushels)		
1931.....	11.8	22.2	15.7	5.7	3.7
1932.....	16.0	28.8	20.0	10.3	5.8
1933.....	10.4	19.8	15.6	6.0	2.4
1934.....	11.3	18.9	15.1	5.9	3.8
1935.....	11.3	25.8	19.7	12.9	5.3
1936.....	8.1	15.7	14.1	5.7	3.7
1937.....	6.4	16.6	17.5	5.3	3.0
1938.....	13.5	27.2	21.8	14.3	5.9
1939.....	19.1	28.1	22.5	13.5	6.8
1940.....	18.5	29.3	22.9	13.0	7.9
1941.....	14.0	21.9	20.0	13.0	6.4
1942.....	25.6	51.7	37.6	18.4	10.1
1943.....	16.7	33.3	25.7	11.8	6.1
1944.....	17.9	36.1	26.4	12.4	7.2
1945.....	13.1	25.5	21.0	10.8	7.0
1946.....	16.6	28.9	23.1	11.3	7.6
1947.....	13.7	24.5	18.6	10.8	7.6
1948.....	15.6	29.6	23.3	11.1	9.3
1949.....	12.9	25.8	19.4	7.2	6.8
1950.....	16.6	33.9	25.3	10.6	8.3
1951.....	21.7	40.9	31.1	15.2	7.8
1952.....	26.7	45.8	34.5	19.4	10.4
1953.....	23.7	42.5	29.2	18.9	10.0
1954.....	12.3	29.2	22.1	15.7	9.3
1955.....	22.6	37.2	25.3	18.5	10.3
1956.....	25.0	46.2	32.0	14.0	11.5
1957.....	17.1	30.0	22.7	13.8	5.5
1958 [ⓐ]	16.9	31.6	25.4	12.9	8.7

[ⓐ]Preliminary—basis estimate of November 12, 1958.

Source: Dominion Bureau of Statistics.

TABLE III

TOTAL PRODUCTION OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES
1931-1958

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
	(Thousands of Bushels)					
1931.....	301,181	183,700	50,540	4,157	2,370	541,948
1932.....	422,947	245,726	63,114	7,270	2,640	741,697
1933.....	263,004	177,422	47,243	3,104	563	491,336
1934.....	263,800	172,040	44,742	3,664	827	485,073
1935.....	264,096	244,854	62,625	8,379	1,563	581,517
1936.....	202,000	135,862	52,617	3,201	1,730	395,410
1937.....	156,800	142,413	62,418	4,280	694	366,605
1938.....	336,000	232,000	80,200	9,340	1,185	658,725
1939.....	494,000	231,500	81,000	13,700	1,950	822,150
1940.....	513,800	229,000	83,000	12,250	2,875	840,925
1941.....	296,000	179,600	95,500	9,691	6,643	587,434
1942.....	529,000	492,700	239,200	22,632	15,180	1,298,712
1943.....	267,800	374,700	197,700	5,288	18,130	863,618
1944.....	391,700	350,900	172,500	7,186	8,619	930,905
1945.....	294,600	249,300	136,600	4,551	5,970	691,021
1946.....	393,000	245,000	133,700	7,289	6,569	785,558
1947.....	320,000	191,700	131,000	12,150	13,040	667,890
1948.....	356,000	222,800	142,000	24,721	17,450	762,971
1949.....	341,000	189,900	109,000	7,900	1,973	649,773
1950.....	439,000	255,200	157,000	11,050	4,483	866,733
1951.....	530,000	340,000	234,000	15,935	8,450	1,128,385
1952.....	678,000	346,000	281,000	22,320	10,700	1,338,020
1953.....	604,000	276,000	251,000	26,900	9,100	1,167,000
1954.....	305,000	196,000	167,000	10,790	10,700	689,490
1955.....	497,000	290,000	244,000	12,300	18,700	1,062,000
1956.....	551,000	400,000	262,000	6,350	34,600	1,253,950
1957.....	349,000	234,000	209,000	6,300	18,900	817,200
1958 [ⓐ]	343,000	240,000	238,000	5,400	22,900	849,300

[ⓐ]Preliminary—basis estimate of November 12, 1958. Source: Dominion Bureau of Statistics.

TABLE IV
CANADIAN WHEAT SUPPLIES AND DISPOSITION
Crop Years 1933-34 to 1957-58

Crop Year	SUPPLIES				DISPOSITION			
	Inward Carryover ^① August 1st		Production ^①	Total Supplies	Domestic Disappearance ^②		Exports ^① Wheat and Flour	Total ^① Outward Carryover July 31st
	Farm	Commercial			Farm	Commercial		
	(Thousands of Bushels)							
1933-34.....	12,340	205,317	281,892	499,549	58,653	43,214	194,780	202,902
1934-35.....	8,733	194,169	275,849	478,751	49,276	49,872	165,751	213,852
1935-36.....	7,861	205,991	281,935	495,787	69,934	44,065	254,425	127,363
1936-37.....	5,520	121,843	219,218	346,581	57,281	42,477	209,773	37,049
1937-38.....	3,999	33,050	180,210	217,259	54,574	42,563	95,586	24,536
1938-39.....	5,061	19,475	360,010	384,546	70,942	50,659	160,034	102,911
1939-40.....	4,682	98,229	520,623	623,534	82,488	47,899	192,674	300,473
1940-41.....	17,286	283,187	540,190	840,663	86,281	43,047	231,206	480,129
1941-42.....	13,954	466,175	314,710	794,839	90,953	54,306	225,828	423,752
1942-43.....	10,446	413,306	556,067	979,819	101,459	69,033	214,701	594,626
1943-44.....	197,207	397,419	282,377	877,003	96,087	80,630	343,755	356,531
1944-45.....	53,871	302,660	414,859	771,390	86,856	83,515	342,946	258,073
1945-46.....	28,650	229,423	316,320	574,393	78,023	82,662	340,108	73,600
1946-47.....	27,203	46,397	411,601	485,201	77,406	78,796	242,858	86,141
1947-48.....	25,988	60,153	338,506	424,647	76,952	75,003	194,982	77,710
1948-49.....	39,162	38,548	381,413	459,123	75,818	48,565	232,329	102,411
1949-50.....	43,423	58,988	366,028	468,439	74,792	56,310	225,137	112,200
1950-51.....	12,389	99,811	466,490	578,690	83,588	64,938	240,961	189,203
1951-52.....	22,260	166,943	553,678	742,881	96,847	73,031	355,825	217,178
1952-53.....	19,262	197,916	701,973	919,151	86,649	63,790	385,527	383,185
1953-54.....	93,716	289,469	634,040	1,017,225	91,562	51,907	255,081	618,675
1954-55.....	231,860	386,815	331,981	950,656	102,691	59,308	251,909	536,748
1955-56.....	137,855	398,893	519,178	1,055,926	98,785	68,386	309,181	579,574
1956-57.....	204,205	375,369	573,040	1,152,614	92,523	68,748	261,797	729,546
1957-58.....	319,160	410,386	370,508	1,100,054	103,646	65,571	316,073	614,764 ^③
1958-59 ^③	203,900	410,864	368,730	983,494				

①Source: Dominion Bureau of Statistics.

②A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1957-58 inclusive, but for Prairie Provinces only for earlier years.

③Preliminary.

TABLE V
CANADIAN OATS SUPPLIES AND DISPOSITION
Crop Years 1933-34 to 1957-58

Crop Year	SUPPLIES				DISPOSITION			Total ^① Outward Carryover July 31st
	Inward Carryover ^① August 1st		Production ^①	Total Supplies	Domestic Disappearance ^②		Net ^② Exports	
	Farm	Commercial			Farm	Commercial		
(Thousands of Bushels)								
1933-34.....	27,701	14,344	307,478	349,523	282,486	26,836	9,141	31,060
1934-35.....	19,333	11,727	321,120	352,180	288,647	19,200	17,863	26,471
1935-36.....	20,071	6,400	394,348	420,819	352,243	12,681	15,515	40,380
1936-37.....	31,186	9,194	271,778	312,158	258,694	25,697	9,501	18,266
1937-38.....	15,231	3,035	268,442	286,708	238,578	20,404	8,228	19,499
1938-39.....	16,120	3,379	371,382	390,881	315,512	13,549	12,934	48,887
1939-40.....	39,654	9,233	384,407	433,294	349,645	13,127	23,591	46,931
1940-41.....	39,781	7,150	380,526	427,457	350,986	21,257	13,651	41,563
1941-42.....	37,102	4,461	306,052	347,615	285,653	21,494	11,861	28,607
1942-43.....	24,173	4,434	641,488	670,095	426,285	31,146	63,323	149,341
1943-44.....	118,404	30,937	461,567	610,908	366,248	61,444	74,737	108,479
1944-45.....	69,423	39,056	474,044	582,523	343,960	54,510	85,798	98,255
1945-46.....	64,825	33,430	351,234	449,489	257,476	70,660	43,861	77,492
1946-47.....	51,087	26,405	360,860	438,352	259,301	79,808	29,759	69,484
1947-48.....	52,566	16,918	270,190	339,674	212,496	69,085	10,202	47,891
1948-49.....	37,593	10,298	345,305	393,196	248,544	60,925	23,220	60,507
1949-50.....	48,363	12,144	304,595	365,102	238,887	60,763	20,547	44,905
1950-51.....	33,579	11,326	401,768	446,673	272,851	43,248	35,397	95,177
1951-52.....	59,481	35,696	493,886	589,063	361,000	49,059	70,646	108,358
1952-53.....	57,836	50,522	471,117	579,475	318,382	51,313	65,371	144,409
1953-54.....	90,660	53,749	413,971	558,380	316,850	45,061	70,700	125,769
1954-55.....	97,250	28,519	306,401	432,170	279,974	45,982	22,247	83,967
1955-56.....	53,400	30,567	399,451	483,418	309,997	50,173	4,142	119,106
1956-57.....	71,200	47,906	524,517	643,623	354,294	44,433	18,681	226,215
1957-58.....	172,100	54,115	380,599	606,814	386,256	39,423	26,184	154,951 ^③
1958-59.....	108,000	46,951	400,951	555,902				

①Source: Dominion Bureau of Statistics.

②Source: Board of Grain Commissioners—includes rolled oats and oatmeal.

③A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1957-58 inclusive, but for Prairie Provinces only for earlier years.

④Preliminary.

TABLE VI
CANADIAN BARLEY SUPPLIES AND DISPOSITION
Crop Years 1933-34 to 1957-58

Crop Year	SUPPLIES				DISPOSITION			Total ④ Outward Carryover July 31st
	Inward Carryover ① August 1st		Production ①	Total Supplies	Domestic Disappearance ③		Net ② Exports	
	Farm	Commercial			Farm	Commercial		
(Thousands of Bushels)								
1933-34.....	3,102	8,236	63,359	74,697	51,526	10,367	1,711	11,093
1934-35.....	1,839	9,254	63,742	74,835	49,803	3,956	15,057	6,019
1935-36.....	2,022	3,997	83,975	89,994	66,022	6,062	7,676	10,234
1936-37.....	4,199	6,035	71,922	82,156	53,126	6,678	17,556	4,796
1937-38.....	1,476	3,320	83,124	87,920	57,951	8,594	14,744	6,631
1938-39.....	3,178	3,453	102,242	108,873	73,713	7,536	14,820	12,804
1939-40.....	7,347	5,457	103,147	115,951	81,538	11,081	10,678	12,654
1940-41.....	7,075	5,579	104,256	116,910	83,929	19,351	2,722	10,908
1941-42.....	6,505	4,403	110,401	121,309	85,142	23,288	2,058	10,821
1942-43.....	5,112	5,709	256,037	266,858	134,259	29,559	33,761	69,279
1943-44.....	41,314	27,965	208,365	277,644	140,751	54,841	36,103	45,949
1944-45.....	23,379	22,570	187,326	233,275	117,194	47,755	39,407	28,919
1945-46.....	17,819	11,100	148,792	177,711	85,452	57,906	4,416	29,937
1946-47.....	13,884	16,053	146,852	176,789	76,674	63,693	7,658	28,764
1947-48.....	16,492	12,272	139,886	168,650	73,990	59,481	3,730	31,449
1948-49.....	17,373	14,076	152,281	183,730	80,873	48,742	24,446	29,669
1949-50.....	18,482	11,187	118,044	147,713	71,868	34,653	20,837	20,355
1950-51.....	11,324	9,031	167,495	187,850	77,263	29,688	27,403	53,496
1951-52.....	17,854	35,642	245,435	298,931	110,248	36,707	73,472	79,504
1952-53.....	21,476	58,028	291,572	371,076	109,105	28,227	122,077	111,667
1953-54.....	38,235	73,432	262,121	373,788	101,758	32,378	93,742	145,910
1954-55.....	96,810	49,100	175,198	321,108	116,777	31,967	80,876	91,488
1955-56.....	42,310	49,178	251,102	342,590	128,262	34,680	68,700	110,948
1956-57.....	50,465	60,483	269,067	380,015	117,884	37,815	81,537	142,779
1957-58.....	80,980	61,799	215,993	358,772	122,828	37,341	80,297	118,306④
1958-59 ④.....	57,500	60,806	244,764	363,070				

①Source: Dominion Bureau of Statistics.

②Source: Board of Grain Commissioners—exports include barley malt and pot and pearl barley for the years 1946-47 to 1957-58 but bulk barley only for earlier years.

③A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports—marketing are basis all Canada for years 1940-41 to 1957-58 inclusive, but for Prairie Provinces only for earlier years.

④Preliminary.

TABLE VII
CANADIAN GRAIN STORAGE POSITION
1934 to 1958—As at July 31st

Year	VISIBLE STOCKS OF ALL GRAINS AS AT JULY 31ST ^①						Total	Total Rated Capacity ^② as at Dec. 1st.
	Wheat	Oats	Barley	Rye	Flaxseed	U.S. and Foreign Grain ^③		
(Thousands of Bushels)								
1934.....	194,169	11,727	9,254	4,013	468	3,049	222,680	419,890
1935.....	205,991	6,400	3,997	3,088	309	—	219,785	420,644
1936.....	121,843	9,194	6,035	3,415	262	193	140,942	421,856
1937.....	33,050	3,035	3,320	330	455	272	40,462	423,063
1938.....	19,475	3,379	3,453	923	217	6,728	34,175	422,824
1939.....	98,229	9,233	5,457	2,541	114	3,898	119,472	424,290
1940.....	283,187	7,150	5,579	4,733	557	3,685	304,891	510,158
1941.....	466,175	4,461	4,403	4,459	605	2,556	482,659	601,191
1942.....	413,306	4,434	5,710	3,150	1,005	6,925	434,530	604,254
1943.....	397,419	30,937	27,965	9,182	3,346	895	469,744	605,988
1944.....	302,660	39,056	22,570	4,550	2,825	2,502	374,163	603,792
1945.....	229,423	33,430	11,100	1,519	2,178	167	277,817	575,882
1946.....	46,397	26,405	16,053	515	1,006	378	90,754	510,053
1947.....	60,153	16,918	12,272	475	356	359	90,533	505,197
1948.....	38,548	10,298	14,076	628	3,076	334	66,960	507,756
1949.....	58,988	12,144	11,187	7,731	10,501	349	100,900	513,243
1950.....	99,811	11,326	9,031	5,300	4,361	8,407	138,236	520,181
1951.....	166,943	35,696	35,642	2,449	998	3,607	245,335	530,755
1952.....	197,916	50,522	58,028	6,748	2,055	668	315,937	542,668
1953.....	289,469	53,749	73,432	13,036	2,468	421	432,575	564,446
1954.....	386,815	28,519	49,100	6,425	1,548	1,449	473,856	583,417
1955.....	398,893	30,567	49,178	8,305	909	520	488,372	602,164
1956.....	375,369	47,906	60,483	6,208	2,067	450	492,483	624,839
1957.....	410,386	54,115	61,799	3,520	6,061	1,276	537,157	633,030
1958.....	410,864	46,951	60,806	4,049	4,645	965	528,280	640,182

①Includes stocks in unlicensed mills and any stocks in licensed mills which have been transferred from elevator storage proper to the mill or feed plants for processing.

②Includes all storage; i.e., licensed and unlicensed, permanent and temporary.

③From 1934 to 1948 inclusive—stocks are for the week ending closest to July 31st in each case.

Source: Board of Grain Commissioners for Canada.

TABLE VIII

CANADIAN EXPORTS OF GRAIN AND GRAIN PRODUCTS
Crop Years 1933-34 to 1957-58

Crop Year	Wheat	Wheat Flour ^①	Oats and Oats Products	Barley and Barley Products ^②	Rye	Flaxseed	Total
(Thousands of Bushels)							
1933-34.....	170,234	24,546	9,141	1,711	2,580	187	208,396
1934-35.....	144,375	21,376	17,863	15,057	1,187	12	199,870
1935-36.....	232,020	22,405	15,515	7,676	2,456	19	280,091
1936-37.....	189,407	20,365	9,501	17,556	3,633	178	240,640
1937-38.....	79,342	16,243	8,228	14,744	648	16	119,221
1938-39.....	139,315	20,719	12,934	14,820	787	31	188,606
1939-40.....	162,158	30,516	23,591	10,678	2,743	—	229,686
1940-41.....	184,907	46,300	13,651	2,722	1,958	55	249,593
1941-42.....	179,902	45,926	11,861	2,058	2,792	842	243,381
1942-43.....	158,112	56,588	63,323	33,761	2,004	5,202	318,990
1943-44.....	283,166	60,590	74,735	36,103	8,108	10,050	472,752
1944-45.....	280,288	62,657	85,798	39,407	6,188	4,327	478,665
1945-46.....	278,070	62,038	43,861	4,416	2,968	346	391,699
1946-47.....	163,388	79,470	29,759	7,658	5,269	61	285,605
1947-48.....	133,505	61,477	10,202	3,730	10,226	1,788	220,928
1948-49.....	184,235	48,094	23,220	24,446	10,239	4,413	294,647
1949-50.....	179,457	45,680	20,547	20,837	9,954	3,034	279,509
1950-51.....	185,039	55,921	35,397	27,403	9,367	4,131	317,258
1951-52.....	304,722	51,103	70,646	73,472	6,820	2,882	509,645
1952-53.....	329,026	56,501	65,371	122,077	8,993	4,060	586,028
1953-54.....	208,835	46,246	70,700	93,741	16,835	5,172	441,529
1954-55.....	211,288	40,622	22,247	80,876	9,311	6,345	370,689
1955-56.....	269,181	40,000	4,142	68,699	12,918	11,583	406,523
1956-57.....	228,257	33,540	18,681	81,538	5,448	21,582	389,046
1957-58.....	275,693	40,381	26,184	80,298	5,446	13,650	441,652

①In Wheat Equivalent.

②Barley exports include barley malt and pot and pearl barley for the years 1946-47 to 1957-58 but bulk barley only for earlier years.

Source: Board of Grain Commissioners for Canada.

TABLE IX
DISTRIBUTION OF CANADIAN WHEAT AND WHEAT FLOUR EXPORTS BY SELECTED AREAS
Crop Years 1940-41 to 1957-58

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central ^① America (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total
				(Thousands of Bushels)				
1940-41.....	191,283 (82.7%)	10,042 (4.3%)	11,912 (5.2%)	7,337 (3.2%)	2,108 (0.9%)	1,647 (0.7%)	6,877 (3.0%)	231,206 (100.0%)
1941-42.....	149,774 (66.3%)	26,471 (11.7%)	18,634 (8.3%)	10,519 (4.7%)	2,080 (0.9%)	14,940 (6.6%)	3,410 (1.5%)	225,828 (100.0%)
1942-43.....	150,232 (70.0%)	24,579 (11.4%)	14,862 (6.9%)	9,568 (4.5%)	1,482 (0.7%)	12,220 (5.7%)	1,757 (0.8%)	214,700 (100.0%)
1943-44.....	114,522 (33.4%)	37,240 (10.8%)	159,838 (46.5%)	10,272 (3.0%)	1,710 (0.5%)	18,979 (5.5%)	1,194 (0.3%)	343,755 (100.0%)
1944-45.....	152,598 (44.5%)	86,619 (25.3%)	41,942 (12.2%)	8,912 (2.6%)	4,175 (1.2%)	27,449 (8.0%)	21,250 (6.2%)	342,945 (100.0%)
1945-46.....	151,491 (44.6%)	88,180 (25.9%)	13,047 (3.8%)	10,163 (3.0%)	5,128 (1.5%)	38,175 (11.2%)	33,922 (10.0%)	340,106 (100.0%)
1946-47.....	160,983 (66.4%)	38,448 (15.8%)	1,695 (0.7%)	10,031 (4.1%)	7,022 (2.9%)	9,820 (4.0%)	14,859 (6.1%)	242,858 (100.0%)
1947-48.....	160,707 (82.4%)	14,802 (7.6%)	140 (0.1%)	8,455 (4.4%)	2,804 (1.4%)	1,178 (0.6%)	6,896 (3.5%)	194,982 (100.0%)
1948-49.....	151,728 (65.3%)	26,099 (11.2%)	5,544 (2.4%)	9,040 (3.9%)	4,578 (2.0%)	11,031 (4.7%)	24,309 (10.5%)	232,329 (100.0%)
1949-50.....	130,285 (57.9%)	28,932 (12.8%)	13,747 (6.1%)	10,535 (4.7%)	7,022 (3.1%)	9,633 (4.3%)	24,983 (11.1%)	225,137 (100.0%)
1950-51.....	101,556 (42.1%)	52,792 (21.9%)	21,222 (8.8%)	10,555 (4.4%)	10,396 (4.3%)	9,980 (4.1%)	34,460 (14.4%)	240,961 (100.0%)
1951-52.....	127,510 (35.8%)	97,916 (27.5%)	38,981 (11.0%)	11,428 (3.2%)	17,278 (4.9%)	12,568 (3.5%)	50,144 (14.1%)	355,825 (100.0%)
1952-53.....	122,854 (31.9%)	121,162 (31.4%)	23,140 (6.0%)	8,356 (2.2%)	25,976 (6.7%)	21,753 (5.6%)	62,286 (16.2%)	385,527 (100.0%)
1953-54.....	82,020 (32.2%)	63,350 (24.8%)	7,974 (3.1%)	11,140 (4.4%)	19,528 (7.7%)	11,297 (4.4%)	59,772 (23.4%)	255,081 (100.0%)
1954-55.....	101,814 (40.4%)	75,820 (30.1%)	5,235 (2.1%)	10,712 (4.3%)	8,685 (3.4%)	7,572 (3.0%)	42,071 (16.7%)	251,909 (100.0%)
1955-56.....	109,446 (35.4%)	127,210 (41.1%)	8,256 (2.7%)	9,294 (3.0%)	6,751 (2.2%)	8,200 (2.7%)	40,025 (12.9%)	309,182 (100.0%)
1956-57.....	90,435 (34.5%)	101,242 (38.7%)	7,548 (2.9%)	7,028 (2.7%)	6,610 (2.5%)	2,615 (1.0%)	46,319 (17.7%)	261,797 (100.0%)
1957-58.....	104,061 (32.9%)	101,141 (32.0%)	8,920 (2.8%)	8,787 (2.8%)	8,223 (2.6%)	2,165 (0.7%)	82,776 (26.2%)	316,073 (100.0%)

^①Includes Newfoundland up to 1949-50.

Source: Board of Grain Commissioners for Canada.

TABLE X

DISTRIBUTION OF CANADIAN OATS^①—EXPORTS BY SELECTED AREAS

Crop Years 1940-41 to 1957-58

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central America ^②	South America	Africa	Asia and Oceania	Total
				(Excl. U.S.A.)				
(Thousands of Bushels)								
1940-41.....	—	84	10,073	53	—	—	40	10,250
	—	(0.8%)	(98.3%)	(0.5%)	—	—	(0.4%)	(100.0%)
1941-42.....	194	425	3,421	106	—	—	6	4,877 ^③
	(4.0%)	(8.7%)	(70.1%)	(2.2%)	—	—	(0.1%)	(85.1%)
1942-43.....	63	316	61,550	398	—	—	—	62,327
	(0.1%)	(0.5%)	(98.8%)	(0.6%)	—	—	—	(100.0%)
1943-44.....	—	—	71,902	266	—	—	—	72,168
	—	—	(99.6%)	(0.4%)	—	—	—	(100.0%)
1944-45.....	5,145	1,378	69,708	409	77	—	928	77,645
	(6.6%)	(1.8%)	(89.8%)	(0.5%)	(0.1%)	—	(1.2%)	(100.0%)
1945-46.....	3,076	18,741	13,264	738	69	1,009	524	37,511
	(8.1%)	(50.0%)	(35.4%)	(2.0%)	(0.2%)	(2.9%)	(1.4%)	(100.0%)
1946-47.....	10,760	7,453	849	379	7	269	2,075	21,792
	(49.5%)	(34.2%)	(3.9%)	(1.7%)	—	(1.2%)	(9.5%)	(100.0%)
1947-48.....	—	4,092	1,215	103	4	—	—	5,414
	—	(75.6%)	(22.4%)	(1.9%)	(0.1%)	—	—	(100.0%)
1948-49.....	—	3,059	18,245	89	18	—	16	21,427
	—	(14.3%)	(85.1%)	(0.4%)	(0.1%)	—	(0.1%)	(100.0%)
1949-50.....	—	1,945	17,089	68	24	—	16	19,142
	—	(10.2%)	(89.2%)	(0.4%)	(0.1%)	—	(0.1%)	(100.0%)
1950-51.....	—	4,073	30,562	55	18	—	9	34,717
	—	(11.7%)	(88.0%)	(0.2%)	(0.1%)	—	—	(100.0%)
1951-52.....	—	10,957	58,573	36	4	—	9	69,579
	—	(15.7%)	(84.2%)	(0.1%)	—	—	—	(100.0%)
1952-53.....	564	4,694	59,527	37	4	—	31	64,857
	(0.9%)	(7.2%)	(91.8%)	(0.1%)	—	—	—	(100.0%)
1953-54.....	1,542	2,333	65,878	74	2	—	35	69,914
	(2.2%)	(3.4%)	(94.2%)	(0.1%)	—	—	(0.1%)	(100.0%)
1954-55.....	2,494	4,241	14,811	68	15	—	6	21,635
	(11.5%)	(19.6%)	(68.5%)	(0.3%)	(0.1%)	—	—	(100.0%)
1955-56.....	413	1,297	1,867	40	7	—	—	3,624
	(11.4%)	(35.8%)	(51.5%)	(1.1%)	(0.2%)	—	—	(100.0%)
1956-57.....	149	513	17,615	37	26	—	—	18,340
	(0.8%)	(2.8%)	(96.0%)	(0.2%)	(0.2%)	—	—	(100.0%)
1957-58.....	3,879	399	21,581	27	9	—	—	25,895
	(15.0%)	(1.5%)	(83.4%)	(0.1%)	—	—	—	(100.0%)

①Includes Oats as grain only.

②Includes 725,000 bushels (14.9%) bagged grain destination unknown.

③Includes Newfoundland up to 1949-50.

Source: Board of Grain Commissioners for Canada.

TABLE XI

DISTRIBUTION OF CANADIAN BARLEY EXPORTS BY SELECTED AREAS
Crop Years 1940-41 to 1957-58

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central America ① (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total
(Thousands of Bushels)								
1940-41.....	186 (6.8%)	1,226 (45.0%)	1,155 (42.5%)	153 (5.6%)	2 (0.1%)	—	—	2,722 (100.0%)
1941-42.....	—	131 (6.4%)	1,690 (82.1%)	234 (11.4%)	—	—	—	2,058 ② (99.9%)
1942-43.....	—	—	33,472 (99.1%)	289 (0.9%)	—	—	—	33,761 (100.0%)
1943-44.....	—	—	35,805 (99.2%)	298 (0.8%)	—	—	—	36,103 (100.0%)
1944-45.....	—	3,609 (9.2%)	35,794 (90.8%)	4	—	—	—	39,407 (100.0%)
1945-46.....	—	755 (17.1%)	3,661 (82.9%)	—	—	—	—	4,416 (100.0%)
1946-47.....	—	2,845 (41.2%)	4,058 (58.8%)	—	—	—	—	6,903 (100.0%)
1947-48.....	—	1,378 (51.5%)	1,155 (43.1%)	145 (5.4%)	—	—	—	2,678 (100.0%)
1948-49.....	—	10,832 (49.8%)	10,647 (49.0%)	229 (1.1%)	—	—	22 (0.1%)	21,730 (100.0%)
1949-50.....	—	1,300 (7.4%)	16,202 (92.5%)	—	—	—	21 (0.1%)	17,523 (100.0%)
1950-51.....	160 (0.7%)	11,127 (48.2%)	10,588 (45.9%)	—	—	—	1,200 (5.2%)	23,075 (100.0%)
1951-52.....	7,656 (11.0%)	36,627 (52.4%)	10,220 (14.6%)	—	1	—	15,411 (22.0%)	69,915 (100.0%)
1952-53.....	16,085 (13.5%)	53,190 (44.7%)	24,085 (20.3%)	—	1	—	25,496 (21.5%)	118,857 (100.0%)
1953-54.....	19,639 (21.8%)	13,438 (14.9%)	36,921 (41.0%)	2	—	—	20,044 (22.3%)	90,044 (100.0%)
1954-55.....	48,038 (63.5%)	5,106 (6.6%)	19,086 (24.8%)	4	2	—	4,356 (5.6%)	77,092 (100.0%)
1955-56.....	22,685 (35.3%)	5,733 (8.9%)	28,855 (44.9%)	1	3	—	7,037 (10.9%)	64,314 (100.0%)
1956-57.....	32,369 (42.1%)	10,726 (14.0%)	21,562 (28.0%)	—	—	—	12,224 (15.9%)	76,881 (100.0%)
1957-58.....	36,743 (48.9%)	6,745 (9.0%)	21,457 (28.6%)	—	—	—	10,175 (13.5%)	75,120 (100.0%)

①Includes Newfoundland up to 1949-50.

②3,000 bushels (0.1%) bagged grain—Destination unknown.

Source: Board of Grain Commissioners for Canada.

TABLE XII
 PRODUCERS' MARKETINGS—WESTERN CANADIAN GRAINS
 Crop Years 1933-34 to 1957-58

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total ^①
1933-34.....	226,846	33,360	13,096	1,149	362	278,854
1934-35.....	227,445	31,736	13,756	1,088	430	278,625
1935-36.....	214,342	30,990	15,776	2,793	986	268,623
1936-37.....	163,457	29,039	21,519	1,619	1,353	219,578
1937-38.....	124,574	28,975	23,471	1,462	372	184,551
1938-39.....	289,447	32,336	24,360	3,393	747	354,471
1939-40.....	425,531	34,635	21,881	5,214	1,586	492,380
1940-41.....	456,660	32,150	20,791	5,048	2,572	517,221
1941-42.....	227,121	33,250	26,644	5,339	4,898	297,252
1942-43.....	267,340	120,689	85,571	9,777	11,359	494,736
1943-44.....	329,322	144,277	85,549	4,690	14,239	578,077
1944-45.....	351,384	134,615	75,690	4,122	7,154	572,965
1945-46.....	237,300	107,397	67,272	3,096	4,734	419,799
1946-47.....	334,618	99,856	67,553	5,577	4,808	512,412
1947-48.....	246,602	72,652	65,014	10,143	10,503	404,914
1948-49.....	293,987	85,924	70,252	17,502	15,166	482,831
1949-50.....	319,571	80,448	53,326	8,689	1,493	463,527
1950-51.....	367,845	102,688	83,414	7,441	3,254	564,642
1951-52.....	455,362	133,608	130,336	11,727	6,363	737,396
1952-53.....	535,989	119,750	165,036	15,926	8,155	844,856
1953-54.....	396,961	90,367	101,397	12,209	7,403	608,337
1954-55.....	319,780	70,221	112,568	13,191	8,792	524,552
1955-56.....	352,975	71,629	114,460	12,486	15,750	567,300
1956-57.....	362,454	69,254	120,661	4,063	29,013	585,445
1957-58 ^②	378,421	57,724	116,644	7,374	15,407	575,570

^①Totals for crop years 1933-34 to 1939-40 inclusive include platform loadings of coarse grains, not shown in the figures for each individual grain.

^②Preliminary figures.

Source: Board of Grain Commissioners for Canada.

TABLE XIII
RAIL SHIPMENTS FROM WESTERN COUNTRY ELEVATORS
Crop Years 1943-44 to 1957-58

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
1943-44.....	408,794,410	146,389,951	90,739,736	8,510,339	14,986,072	669,420,508
1944-45.....	424,079,134	147,124,431	82,033,858	4,502,589	7,093,780	664,833,792
1945-46.....	297,307,308	110,204,349	67,685,661	2,960,473	5,135,814	483,293,605
1946-47.....	331,120,642	105,562,688	72,168,541	5,705,585	4,725,954	519,283,410
1947-48.....	247,005,399	75,656,162	66,070,399	9,785,253	9,860,350	408,377,563
1948-49.....	289,843,302	83,035,066	68,904,394	16,169,309	15,485,845	473,437,916
1949-50.....	308,377,624	80,930,369	53,615,249	9,634,397	1,537,866	454,095,505
1950-51.....	309,397,232	90,260,430	74,336,962	7,815,471	3,010,111	484,820,206
1951-52.....	429,643,419	121,922,070	114,449,354	9,607,348	5,704,183	681,326,374
1952-53.....	474,918,967	105,504,254	143,415,520	14,611,088	7,476,310	745,926,139
1953-54.....	335,834,138	108,061,751	117,237,168	11,545,394	7,683,349	580,361,800
1954-55.....	307,015,780	73,044,811	112,076,924	13,570,387	8,880,190	514,588,092
1955-56.....	335,327,038	64,685,499	112,830,912	12,113,521	14,864,570	539,821,540
1956-57.....	359,398,901	52,488,157	116,052,798	5,905,742	26,869,110	560,714,708
1957-58①.....	373,161,926	67,373,884	118,386,599	7,098,525	15,417,799	581,438,733

①Subject to revision.

Source: Board of Grain Commissioners for Canada.

TABLE XIV
VESSEL SHIPMENTS OF PRINCIPAL GRAINS FROM THE LAKEHEAD
Crop Years 1940-41 to 1957-58

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
1940-41.....	217,439,003	13,018,645	9,971,860	4,297,261	1,612,798	246,339,567
1941-42.....	204,944,133	5,456,822	9,892,366	3,875,989	2,010,339	226,179,649
1942-43.....	171,325,422	36,303,618	32,438,575	1,590,318	5,669,143	247,327,076
1943-44.....	292,728,915	50,777,311	42,212,992	9,441,840	10,601,127	405,762,185
1944-45.....	324,730,999	99,242,739	55,567,683	5,664,591	5,500,932	940,706,944
1945-46.....	231,022,017	62,323,412	34,008,271	2,713,341	3,335,534	333,402,575
1946-47.....	175,806,761	50,311,335	31,221,973	4,776,225	1,339,983	263,456,277
1947-48.....	134,545,364	34,434,520	28,312,907	8,549,033	5,933,346	211,775,170
1948-49.....	159,860,617	39,725,647	37,918,784	12,320,244	9,624,601	259,449,893
1949-50.....	164,958,725	41,204,023	33,796,178	9,687,245	4,280,260	253,926,431
1950-51.....	141,708,034	45,064,802	34,476,555	8,871,808	3,630,491	233,751,690
1951-52.....	253,116,277	82,874,027	73,274,674	6,977,331	4,071,347	420,313,656
1952-53.....	251,809,101	81,132,026	109,096,288	10,678,063	6,044,005	458,759,483
1953-54.....	134,698,514	86,972,188	84,257,907	15,740,212	5,498,361	327,167,182
1954-55.....	164,733,648	46,327,223	82,368,609	10,781,923	5,741,783	309,953,186
1955-56.....	183,696,338	35,564,246	78,171,277	13,501,152	9,619,756	320,552,769
1956-57.....	170,796,094	47,645,206	72,775,293	5,889,581	13,585,437	310,691,611
1957-58①.....	176,852,044	51,672,275	75,033,975	4,771,777	8,220,860	316,550,931

①Subject to revision.

Source: Dominion Bureau of Statistics—Grain Trade of Canada—Annual Editions.

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TABLE XV
OVERSEAS CLEARANCES OF CANADIAN BULK GRAIN BY PORT AREAS
Crop Years 1938-39 to 1957-58

Crop Year	Atlantic [ⓐ] Coast	St. Lawrence	Lakehead Direct	Churchill	Pacific Coast	Total
(Thousands of Bushels)						
1938-39.....	16,623	87,863	447	917	45,445	151,295
1939-40.....	99,889	57,570	112	1,772	10,733	170,076
1940-41.....	108,481	63,235	3	—	4,107	175,826
1941-42.....	122,542	38,106	8	—	2,422	163,078
1942-43.....	127,847	15,437	10	—	1,598	144,892
1943-44.....	95,309	25,749	4	—	3,084	124,146
1944-45.....	135,505	106,942	8	—	6,844	251,099
1945-46.....	103,520	121,642	39	—	66,952	292,153
1946-47.....	37,220	87,174	—	2,929	61,715	189,038
1947-48.....	37,053	71,660	—	4,976	36,854	150,543
1948-49.....	34,974	99,955	—	5,314	60,696	200,939
1949-50.....	18,139	86,523	217	5,528	62,651	173,058
1950-51.....	21,383	94,840	119	6,768	68,481	191,591
1951-52.....	31,726	191,355	116	7,545	113,412	344,154
1952-53.....	42,185	240,786	533	8,621	121,374	413,499
1953-54.....	12,830	105,460	784	10,981	133,972	264,027
1954-55.....	40,759	133,888	158	12,245	98,428	285,478
1955-56.....	45,438	147,750	56	12,819	113,583	319,656
1956-57.....	28,495	117,393	—	16,250	138,968	301,106
1957-58.....	30,930	123,090	419	18,425	169,555	342,446

[ⓐ]Includes U.S.A. Atlantic Ports.

Source: Board of Grain Commissioners for Canada.

TABLE XVI
WHEAT PRODUCTION IN THE FOUR MAJOR EXPORTING COUNTRIES
Crop Years 1945-46 to 1958-59

Crop Year	Canada	Argentina	Australia	United States	Total
(Thousands of Bushels)					
1945-46.....	316,320	150,116	142,419	1,107,623	1,716,478
1946-47.....	411,601	206,304	117,264	1,152,118	1,887,287
1947-48.....	338,506	238,800	220,117	1,358,911	2,156,334
1948-49.....	381,413	191,000	190,699	1,294,911	2,058,023
1949-50.....	366,028	189,017	218,221	1,098,415	1,871,681
1950-51.....	466,490	212,967	184,244	1,019,389	1,883,090
1951-52.....	553,678	77,162	159,725	980,810	1,771,375
1952-53.....	701,973	277,909	195,208	1,298,957	2,474,047
1953-54.....	534,040	227,800	199,000	1,169,484	1,230,324
1954-55.....	331,981	282,559	168,610	984,846	1,767,996
1955-56.....	519,178	192,904	195,589	936,761	1,844,432
1956-57.....	573,040	261,980	135,000	1,004,272	1,974,292
1957-58.....	370,508	213,500	96,800	947,102	1,627,910
1958-59 [ⓐ]	368,730	236,973	192,000	1,449,498	2,247,201

[ⓐ]Preliminary.

Source: For Canada—Dominion Bureau of Statistics.
For U.S.A.—U.S. Department of Agriculture.
For Argentina and Australia—
1945-46 to 1952-53—International Wheat Council.
1953-54 to 1958-59—Official sources of each country.

TABLE XVII

WORLD EXPORTS OF WHEAT AND WHEAT FLOUR BY PRINCIPAL EXPORTERS
DISTRIBUTION BY QUANTITY AND PERCENTAGE OF WORLD TRADE

Average 1930-39

July-June Crop Years 1945-46 to 1957-58

Crop Year	Argentina	Australia	Canada	United States	Others	World Total
(Millions of Bushels)						
Average						
1930-39 [ⓐ]	130 (18.3%)	114 (16.0%)	201 (28.3%)	75 (10.6%)	190 (26.8%)	710 (100.0%)
1945-46.....	68 (7.8%)	36 (4.2%)	373 (43.0%)	390 (45.0%)	—	867 (100.0%)
1946-47.....	60 (7.7%)	47 (6.1%)	229 (29.5%)	397 (51.2%)	43 (5.5%)	776 (100.0%)
1947-48.....	102 (11.0%)	96 (10.3%)	205 (22.1%)	485 (52.2%)	41 (4.4%)	929 (100.0%)
1948-49.....	61 (6.1%)	122 (12.3%)	225 (22.6%)	504 (50.7%)	83 (8.3%)	995 (100.0%)
1949-50.....	87 (10.5%)	114 (13.8%)	232 (28.1%)	299 (36.2%)	94 (11.4%)	826 (100.0%)
1950-51.....	103 (10.9%)	127 (13.5%)	226 (24.0%)	366 (38.9%)	120 (12.7%)	942 (100.0%)
1951-52.....	30 (2.8%)	99 (9.3%)	345 (32.4%)	475 (44.7%)	115 (10.8%)	1,064 (100.0%)
1952-53.....	29 (3.0%)	99 (10.1%)	384 (39.2%)	317 (32.4%)	150 (15.3%)	979 (100.0%)
1953-54.....	110 (12.6%)	71 (8.2%)	278 (32.0%)	217 (25.0%)	193 (22.2%)	869 (100.0%)
1954-55.....	132 (13.6%)	93 (9.6%)	253 (26.1%)	274 (28.1%)	219 (22.6%)	971 (100.0%)
1955-56.....	115 (10.9%)	102 (9.7%)	301 (28.6%)	346 (32.8%)	190 (18.0%)	1,054 (100.0%)
1956-57.....	98 (7.3%)	126 (9.3%)	267 (19.8%)	549 (40.7%)	310 (22.9%)	1,350 (100.0%)
1957-58 [ⓐ]	77 (6.7%)	68 (5.9%)	313 (27.1%)	402 (34.9%)	293 (25.4%)	1,153 (100.0%)

ⓐCalendar years.
ⓑSubject to revision.

Source: For Canada—Board of Grain Commissioners for Canada.
All Others—Foreign Agricultural Service, United States Department of Agriculture.

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TABLE XVIII
WHEAT ACREAGE IN SELECTED COUNTRIES
1947 to 1958

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
(Thousand Acres)						
1947.....	192	868	60	8,384	2,060	11,122
1948.....	354	1,325	170	10,456	2,241	11,526
1949.....	378	1,557	206	10,434	2,279	11,686
1950.....	430	1,611	210	10,673	2,506	11,661
1951.....	408	1,792	200	10,502	2,545	11,683
1952.....	415	2,002	183	10,616	2,948	11,570
1953.....	435 ③	2,249	175	10,426	2,854 ③	11,787
1954.....	470 ③	2,671	210	11,098	2,736 ③	11,785
1955.....	487 ③	2,681	166	11,253	2,894 ③	11,990
1956.....	464	2,840	164	7,000	2,830	12,350
1957.....	513	2,775	158	11,534	3,000	12,375
1958 ②.....	547	— ①	180	11,390	3,200	12,300

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousand Acres)						
1947.....	1,428	212	723	225	10,321	2,163
1948.....	1,824	244	780	211	11,342	2,279
1949.....	1,872	256	759	206	9,903	1,963
1950.....	1,883	225	838	215	11,063	2,479
1951.....	1,811	185	811	242	12,170	2,130
1952.....	1,779	203	820	250	13,673	2,031
1953.....	1,693	161	956	235 ③	16,178 ③	2,217
1954.....	1,658	272	1,068	250 ③	16,163 ③	2,456
1955.....	1,633	220	872	257 ③	17,757 ③	1,974
1956.....	1,625	212	980	195	18,125	2,293
1957.....	1,526	245	823	238	17,878	2,113
1958 ②.....	1,480	274	698	261	— ①	2,205

① Not available. ② Preliminary. ③ Including spelt.

Sources: For 1947-1956—International Wheat Council.
1956-58—United States Department of Agriculture.

TABLE XIX
WHEAT PRODUCTION IN SELECTED COUNTRIES
1947 to 1958

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
(Thousand Bushels)						
1947.....	4,480	13,216	2,016	119,989	43,792	171,883
1948.....	12,656	14,896	9,334	280,485	73,771	226,016
1949.....	21,914	16,090	11,013	296,947	90,794 ^①	259,838
1950.....	20,099	19,548	10,950	282,963	96,048 ^①	285,646
1951.....	19,436	15,579	10,031	261,468	108,357 ^①	255,810
1952.....	21,273	25,351	11,060	309,419	120,924 ^①	289,173
1953.....	21,091	28,366	10,398	329,995	116,845 ^①	332,788
1954.....	21,642	32,004	10,729	388,234	106,300 ^①	267,604
1955.....	26,860	40,455	9,333	380,849	124,120 ^①	349,249
1956.....	21,920	36,000	9,770	250,000	127,560	318,980
1957.....	27,590	27,000	10,030	407,200	140,630	310,000
1958 ^②	30,000	— ^②	10,000	325,000	135,000	340,000

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousand Bushels)						
1947.....	26,992	7,131	14,672	6,869	119,280	62,235
1948.....	33,077	11,237	25,797	7,168	159,675	88,144
1949.....	45,920	15,642	25,648	9,333	92,474	82,282
1950.....	49,163	10,839	27,154	8,378	142,272	97,297
1951.....	54,744	9,921	17,527	9,589	210,526	86,458
1952.....	56,475	12,015	28,731	10,251	241,609	86,127
1953.....	50,486	9,149	36,266	9,002 ^①	298,726	99,465
1954.....	55,703	14,587	37,515	12,713 ^①	184,086	103,911
1955.....	53,940	12,860	26,308	11,795 ^①	257,794	97,040
1956.....	50,530	11,340	34,950	7,030	215,000	106,210
1957.....	48,870	14,430	26,125	10,480	250,000	100,165
1958 ^②	46,848	15,500	24,510	11,550	240,000	110,000

①Including spelt.

②Not available.

③Preliminary.

Sources: 1947-1955—International Wheat Council.
1956-58—U.S. Department of Agriculture.

STANDING COMMITTEE

TABLE XX

IMPORTS OF WHEAT AND FLOUR INTO SELECTED COUNTRIES FROM ALL SOURCES

Crops Year ①1947-48 to 1957-58

Crop Year	Luxembourg	Brazil	Denmark	France	Germany (West)	Italy
(Thousand Bushels)						
1947-48.....	28,513	23,038	3,123	42,586	133,821	85,568
1948-49.....	22,382	30,203	3,601	25,022	117,800	85,466
1949-50.....	22,193	41,667	919	21,936	96,232	43,027
1950-51.....	35,678	52,727	2,058	8,194	89,287	47,583
1951-52.....	27,007	50,082	1,984	25,022	84,988	66,396
1952-53.....	25,721	51,845	3,123	15,175	83,776	45,636
1953-54.....	27,484	59,929	4,850	9,994	87,670	22,891
1954-55.....	25,096	59,378	13,963	8,047	106,006	18,813
1955-56.....	17,527	62,464	11,942	16,939	93,880	26,713
1956-57.....	18,482	57,063	8,120	65,881	117,984	19,805
1957-58②.....	15,763	—③	5,622	9,370	96,232	13,926

Crop Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousand Bushels)						
1947-48.....	35,384	28,256	5,181	15,800	—	194,595
1948-49.....	59,745	29,395	2,352	13,522	331	210,762
1949-50.....	75,178	20,760	1,470	12,346	12,236	172,659
1950-51.....	57,357	25,647	4,924	16,829	1,543	152,670
1951-52.....	62,097	32,702	8,708	12,383	3,932	182,506
1952-53.....	45,378	33,033	9,022	13,264	—	174,569
1953-54.....	86,972	34,098	1,139	15,506	37	143,888
1954-55.....	72,018	30,020	441	13,705	6,246	188,899
1955-56.....	83,408	33,437	2,241	9,921	3,454	193,051
1956-57.....	87,928	33,878	2,168	21,422	11,170	183,572
1957-58②.....	88,736	37,589	4,997	20,834	10,729	187,834

①July-June year.

②Subject to revision.

③Not available.

Source: Food and Agricultural Organization of the United Nations—World Imports of Wheat and Wheat Flour.

TABLE XXI

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR NO. 1 NORTHERN WHEAT BASIS IN STORE FORT WILLIAM/PORT ARTHUR OR VANCOUVER

Crop Years 1943-44 to 1957-58

Crop Year	Initial Payment	Adjustment Payment	Interim Payment	Final Payment ^①	Total Realized Price ^②
(Dollars per Bushel)					
1943-44.....	1.25	—	—	.123	1.373
1944-45.....	1.25	—	—	.189	1.439
1945-46.....	1.25	.50	—	.084	1.834
1946-47.....	1.35	.40	—	.084	1.834
1947-48.....	1.35	.40	—	.084	1.834
1948-49.....	1.55	.20	—	.084	1.834
1949-50.....	1.75	—	—	.084	1.834
1950-51.....	1.40	.20	—	.258	1.858
1951-52.....	1.40	.20	—	.236	1.836
1952-53.....	1.40	.20	.12	.099	1.819
1953-54.....	1.40	—	.10	.064	1.564
1954-55.....	1.40	—	.10	.151	1.651
1955-56.....	1.40	—	.10	.109	1.609
1956-57.....	1.40	—	.10	.088	1.588
1957-58 ^②	1.40	—	—	—	—

①Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

②Pool account not closed out at date of report.

TABLE XXII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR NO. 2 CANADA WESTERN OATS BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949-50 to 1957-58

Crop Year	Initial Payment	Adjustment Payment	Final Payment ^①	Final Realized Price ^②
(Cents per Bushel)				
1949-50.....	65	—	19.1	84.1
1950-51.....	65	10	9.8	84.8
1951-52.....	65	—	18.8	83.8
1952-53.....	65	—	9.1	74.1
1953-54.....	65	—	5.5	70.5
1954-55.....	65	7	8.7	80.7
1955-56.....	65	—	14.8	79.8
1956-57.....	65	—	—	65.0
1957-58.....	60	—	—	—

①Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

②Pool account not closed out at date of report.

TABLE XXIII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR NO. 3 CANADA WESTERN 6-ROW BARLEY BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949-50 to 1957-58

Crop Year	Initial Payment	Adjustment Payment	Final Payment ①	Final Realized Price ②
	(Cents per Bushel)			
1949-50.....	93	—	58.0	151.0
1950-51.....	93	20	21.1	134.1
1951-52.....	96	20	13.3	129.3
1952-53.....	96	15	13.5	124.5
1953-54.....	96	—	10.0	106.0
1954-55.....	96	10	4.5	110.5
1955-56.....	96	—	12.8	108.8
1956-57.....	96	—	6.0	102.0
1957-58 ②.....	96	—	—	—

① Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

② Pool account not closed out at date of report.

Mr. HORNER (*Acadia*): On table I, I notice the wheat acreage for 1958 is lower than for 1957. However, I notice in a clipping put out by the Searle Grain Company Limited that they estimate the wheat acreage for this year to be over 20 million. Would that correspond with your estimate?

Mr. McNAMARA: The estimate to which I was referring would be 1959. It was the estimate of the farmers intention to plant brought out by the dominion bureau of statistics, and that indicated an approximate 6 per cent increase.

Mr. HORNER (*Acadia*): That would be greater?

Mr. McNAMARA: Yes, a little higher than the figure they forecast.

The CHAIRMAN: On behalf of the Standing Committee on Agriculture and Colonization, I wish to express our appreciation to you, Mr. McNamara, and your colleagues for appearing before us during the last three days.

I am sure I am speaking on behalf of all the members of this committee when I say I am sure they have gained a wealth of information from the talks we have had. Again I thank you very, very much; we will be looking forward to seeing you again next year, if not sooner. I wish you the best in your wheat sales.

Mr. McNAMARA: Thank you very much, Mr. Chairman, and gentlemen, collectively and individually; we appreciate very much this opportunity of meeting with you. We are very appreciative of the very courteous treatment that has been extended to us, both collectively and individually.

I hope that we have done what we have tried to do by making all the information possible available for you. We also will look forward to meeting with you next year and at that time I hope we will be able to submit as satisfactory a report as the report this year.

The CHAIRMAN: Gentlemen, I personally would like to thank the members of this committee for the very efficient way in which you have carried on with your work of questioning the officials who are here today.

I think we have made very good time. We are a little behind the time it took last year, but we are far ahead of the time it took three years ago in going through this report. I wish to thank you very sincerely for the very kind way in which you have asked your questions and we appreciate the very kind way in which the answers have been given.

Gentlemen, before the members of the committee leave, perhaps we could get started with the report of the board of grain commissioners. We will have to leave soon; however, we could have the introductions made. Perhaps, gentlemen, you would sooner adjourn at this time and meet at 3 o'clock.

Mr. RAPP: Yes, I think that would be better.

AFTERNOON SESSION

3.00 p.m.

THURSDAY, June 25, 1959.

The CHAIRMAN: Gentlemen, kindly come to order. I am sure we are pleased to have with us today the Board of Grain Commissioners. They will have a wealth of information for you. I also suggest that we be as specific as we possibly can with our questioning because the Chief Commissioner, Mr. Milner, cannot be here. Mr. Loptson is taking over for him and I shall ask him now to introduce the members of his commission.

Mr. S. LOPTSON (*Commissioner, Board of Grain Commissioners*): Mr. Chairman and gentlemen: first of all I would like to extend to you people the regrets of our Chief Commissioner. He was unable to come here because of the serious illness of his wife; and also those of Mr. G. N. McConnell, our other commissioner, who underwent an operation only last week.

Without any more remarks from me—because I must admit that this is the first experience I have ever had in facing an audience of this type—I shall introduce the people who are with me so you may know them.

To my right is Mr. W. J. MacLeod, our secretary, and Mr. Earl Baxter, our chief statistician, and Mr. P. Fraser, our assistant chief grain inspector for Canada. He is batting for Mr. M. J. Conacher, who is overseas at this time. And finally, I introduce Dr. Norman Irvine, our assistant chief chemist, who is also taking the place of Dr. Anderson who is also overseas. With these few remarks we are prepared to be in your hands.

The CHAIRMAN: Is it the wish of the committee that, as in former years, we take up the report of the commission paragraph by paragraph? If so I shall now ask Mr. MacLeod to proceed with the reading of each paragraph. Mr. MacLeod?

Mr. W. J. MACLEOD (*Secretary, Board of Grain Commissioners*):

Winnipeg, Manitoba,
January 23, 1959.

The Honourable Gordon Churchill, M.P.,
Minister of Trade and Commerce,
Ottawa, Canada.

Sir:

We beg to submit herewith Report of the Board of Grain Commissioners for Canada for the year 1958 in compliance with Section 23 of the Canada Grain Act.

This report records information and statistics relating to grain handlings for the crop year August 1, 1957 to July 31, 1958, expenditures and revenue for the fiscal year April 1, 1957 to March 31, 1958, and summarizes the major activities of the Board for the 1958 calendar year.

The CHAIRMAN: I have been informed by Mr. Loptson, the Commissioner, that the balance of this page as well as the next two pages are items which have been taken up with the Wheat Board and I understand they have been discussed during the wheat board's appearance here. Is that right, Mr. Loptson?

Mr. LOPTSON: That is correct.

The CHAIRMAN: Therefore would the committee be willing to accept these paragraphs as read, and to go on with the activities of the Board of Grain Commissioners, or does the committee wish to have these paragraphs read?

Mr. HORNER (*Acadia*): I think that since we have not seen a copy of this report before, we should have it read in its entirety.

The CHAIRMAN: Is that the wish of the committee?

Agreed.

Mr. MACLEOD:

Grain Supplies and Disposition—Crop Year 1957-58

Canada made considerable progress during the 1957-58 crop year towards the reduction of the record carryover held at the end of the preceding season. Lighter crops, improved overseas exports, and steadily climbing domestic needs resulted in a 19.6% decline in supply levels by July 31, 1958.

The August 1, 1957, supplies of 1,120.3 million bushels of wheat, oats, barley, rye and flaxseed, held either in licensed storage or in farmers' bins, or in transit between positions, represented a record inward stock. Acreage reductions and lighter yields resulted in smaller crops of each of wheat (370.5), oats (380.6), barley (216.0), rye (8.5) and flaxseed (19.2) millions. This total production of 994.8 million bushels, added to the inward carryover, gave an available supply of 2,115.1 million bushels for domestic needs and exports—122.0 millions less than the 1956-57 level.

Canada's export shipments of grain and wheat flour at 435.7 millions were 51.7 millions heavier than clearances recorded for 1956-57. Increased domestic needs boosted Canadian usage for feed, seed, food and industrial use to 779.0 millions, an all-time high.

The combined domestic and export disappearance of 1,214.7 millions was approximately 100.0 millions above the preceding year's level and this, coupled with a smaller available supply, resulted in a 219.9 million bushel, or 19.6% reduction in closing stocks (900.4 million bushels) held in all positions at July 31, 1958.

Within the licensed elevator system there was a moderate increase in the forwarding movement to meet the heavier export flow. Atlantic Seaboard shipments were improved slightly but did not return to former levels. Clearances through Canada's west coast ports accounted for the major expansion and established a new crop season record—169.6 million bushels. For the most part these increases were gradual and evenly distributed over the season. An exception was the movement out of St. Lawrence ports which was down 29.0 millions during the fall period and made its recovery through heavier shipping in the closing quarter of the season.

Mr. HORNER (*Jasper-Edson*): In regard to the use of Prince Rupert, have you any idea how much grain has gone through there?

Mr. LOPTSON: Prince Rupert is used mainly for barley.

Mr. HORNER (*Jasper-Edson*): How big a terminal has it?

Mr. MACLEOD: The shipments to date out of Prince Rupert for the current crop season have all been for barley, and totalled 7.9 million bushels.

Mr. HORNER (*Jasper-Edson*): How big is your terminal there, or do you have one there, or who has the terminal there? Are there adequate facilities there?

Mr. LOPTSON: I would say yes.

Mr. HORNER (*Jasper-Edson*): And there is no demand for any increase?

Mr. LOPTSON: No, none whatsoever.

Mr. HORNER (*Jasper Edson*): That is good enough. Fine.

The CHAIRMAN: Shall we now proceed with paragraph 2?

Mr. MACLEOD:

Marketings

Primary deliveries of wheat, oats, barley, rye and flaxseed from farms to licensed elevators totalled 580.6 million bushels in 1957-58. Heavier marketings during the closing four months did not offset the slow inward movement of the fall period and the crop year total was 8.1 millions below 1956-57 levels despite gains in deliveries of wheat and rye. The bulk—570.1 millions—of this incoming grain was delivered to western country elevators with 5.8 millions marketed direct to interior mills and terminals, and only .1 millions of the five principal grains loaded over platforms. Deliveries of eastern grown grains to the licensed system amounted to 4.6 millions, chiefly wheat.

The CHAIRMAN: Are there any comments? If not, let us proceed with the next paragraph, country elevator shipments.

Mr. MACLEOD:

Country Elevator Shipments

Western country elevators reported a slightly heavier volume of car loadings with small increases in the shipments of all grains excepting flaxseed. The crop year total for wheat loadings was 374.3 millions, followed by barley at 118.7 millions, oats at 67.2 millions, flaxseed at 15.5 millions, and rye at 7.1 million bushels. The combined total of 582.8 millions for the five principal grains represented a gain of 22.1 millions over the previous year's rail traffic. Loadings billed westward accounted for 27.9% of country shipments compared with 24.2% in 1956-57 and 21.0% in 1955-56.

The CHAIRMAN: Are there any comments? If not, let us proceed with terminal handlings.

Terminal Handlings

The higher proportion of country shipments moving westward was reflected in a 23.9 million bushel decline in grain unloads at Fort William-Port Arthur terminal elevators. The 326.0 million bushels of the five principal grains received at the Canadian Lakehead during 1957-58 were almost identical with both the total quantity and the individual grain amounts moved forward from these terminals by lake and rail during the crop year—wheat 178.2, oats 56.8, barley 78.7, rye 4.9 and flaxseed 10.2 million bushels.

The vessel portion of these shipments—316.0 millions—was 5.0 millions heavier than the 1956-57 lake traffic but a reduced rail movement (12.8 millions) offset this gain and the combined outward total was approximately unchanged from the previous season's forwarding level. The decline in outward rail traffic represented a further reduction in the portion of Lakehead shipments moving by box car. In 1952-53, 57.5 millions or 11.1% of total forwarding moved by rail compared with only 3.9% by rail during the year under review.

The Port of Churchill continued its pattern of increased shipping activity with 16.6 million bushels of wheat loaded during the normal August to October period, to which a record early opening on July 26, 1958, added a further 1.8 millions for a 1957-58 crop year total of 18.4 million bushels.

The Pacific coast ports, favoured by an advantage in low ocean freight rates, handled a combined 169.6 million bushels of Canada's overseas grain shipments to surpass the previous record of 139.0 millions established by this sector in 1956-57. The 1957-58 total included 129.7 million bushels of wheat, 2.2 million bushels of oats, 30.3 millions of barley, 1.4 millions of rye and

6.0 millions of flaxseed. The crop year movement represented individual grain records for wheat, rye and flaxseed. The record for barley clearances via the Pacific Seaboard was established at 31.2 millions in 1956-57.

Mr. HORNER (*Acadia*): This paragraph referred to port of Churchill. I have been under the impression—and certainly this has been the view of persons other than myself—that the port of Churchill handled 20 million bushels last year. Here it is shown as 18.4 million bushels. Was 20 million bushels just an approximate figure? If not, why is there the difference?

Mr. S. LOPTSON (*Commissioner, Board of Grain Commissioners*): Mr. Chairman, I think 20 million bushels is a round figure. I believe our figure of 18.4 million bushels is the definite figure. That may have been including some of their screenings which they shipped. They did ship out two vessels of screenings down to Montreal.

Mr. HORNER (*Acadia*): Was that exported to Montreal?

Mr. LOPTSON: It was taken out of port Churchill and routed down to Montreal. It was delivered to Canadian domestic.

Mr. HORNER (*Acadia*): Is this figure of 18.4 the record for Churchill?

Mr. LOPTSON: I would say, yes.

Mr. HORNER (*Acadia*): July 26 was the opening and I see you state that is an early opening for that port.

Mr. LOPTSON: It is what we consider to be a record opening. We hope it will be the same this year. We never know.

Mr. McINTOSH: Could Mr. Loptson tell us the cause of the reduced rail movement referred to in that paragraph? Also, since so many additional bushels are shipped from terminals, does that leave a vacancy there for more wheat than normal?

Mr. LOPTSON: At Churchill?

Mr. McINTOSH: No. This is the lakehead. It says:

The vessel portion of these shipments—316.0 millions—was 5.0 millions heavier than the 1956-1957 lake traffic but a reduced rail movement (12.8 millions) offset this gain . . .

Mr. E. E. BAXTER (*Chief Statistician, Board of Grain Commissioners*): Mr. Chairman, the problem reflected there is that the lakehead rail movement will be a combination of special types and special lots of grain going down into Eastern Canada, and in certain special circumstances a rail movement to the maritimes for exporting. During the crop year in question, the bulk of the maritime export movement was handled by grain moved out of the bay ports which had gone down there by vessel.

Mr. McINTOSH: My question was in respect of the space available at terminals and is possibly connected with demurrage charges. Is there any connection there?

Mr. BAXTER: The cost is the main factor in rail movement from the lakehead, and is more expensive than to move down to bay ports and then rail it down to the maritimes.

Mr. McINTOSH: That is not from the maritimes?

Mr. BAXTER: No, sir.

Mr. KORCHINSKI: I do not imagine the terminal at Churchill is working at capacity. Could someone tell us how much time is actually spent in loading. What percentage of a day actually is spent during the season that the port is open?

Mr. LOPTSON: In respect of loading of all ships?

Mr. KORCHINSKI: Yes; does it represent 8 hours, 12 hours, or how many hours a day?

Mr. LOPTSON: The men work 16 hours a day. That includes cleaning of the grain as well.

Mr. KORCHINSKI: What I am interested in is finding out the number of hours actually spent in loading at port Churchill. During the open season, how much more could we ship out of Churchill with the present facilities?

Mr. LOPTSON: I think the possibilities at Churchill are based entirely on the export shipments that the Canadian wheat board can get out of Churchill. I think they have almost as much export shipments out of there as they can possibly get.

Mr. KORCHINSKI: I am asking that question because I understand there is sometimes a congestion. I believe we sometimes have boats tied up there waiting to be loaded. Do they load 12 hours a day or 16 hours a day? That is what I am getting at.

Mr. LOPTSON: I understand they work until 10 o'clock at night.

Mr. KORCHINSKI: They do not work a 24 hour day?

Mr. LOPTSON: No.

Mr. KORCHINSKI: You could not tell us actually how many hours a day they work?

Mr. LOPTSON: Just a moment; my secretary refers to the fact that they can only load to the cleaning capacity. After all, the grain must be clean when loaded into the ships at Churchill.

Mr. KORCHINSKI: How much is the cleaning capacity? How much an hour can they load?

Mr. LOPTSON: 340 cars a day in two shifts.

Mr. KORCHINSKI: That is box cars?

Mr. LOPTSON: Yes.

Mr. NASSERDEN: What Mr. Korchinski is suggesting is that perhaps they could run a 24 hour shift.

Mr. LOPTSON: Well, the point I would like to make here is this: would the wheat board have sufficient orders to fill a 24 hour shift. After all, they get bookings from overseas for this grain. I am speaking completely from memory, but I think that last year they had around 48 boats. I understand that this year they have 50. Some boats are smaller than others, and so on. However, they have not been able to get past 50 at any time.

Mr. KORCHINSKI: Perhaps the fact that these boats are tied up for hours at a time when they come into Churchill may be a factor and that if you could speed up the loading you might encourage them to come into Port Churchill.

Mr. LOPTSON: My secretary tells me the capacity of the elevator is 340 cars a day in two shifts.

Mr. KORCHINSKI: And they ship that many?

Mr. LOPTSON: Yes.

Mr. NASSERDEN: Mr. Chairman, I wonder if Mr. Loptson could tell us whether or not there has been a definite period when ships have been waiting to be loaded at Churchill?

Mr. BAXTER: Mr. Chairman, the last set of timing statistics I have seen on Churchill were in respect of the season before last. I understand last year paralleled it pretty well in that in the 1957 season at Churchill I think there is only one period in which vessels were tied up involving any intensive delay to them.

Now, there is another factor that comes into that and that is the weather conditions at Churchill; they are not ideal. They do not parallel those that prevail, as you can appreciate, at certain other sheltered ports. That can cause trouble and delays in shipping.

Mr. HORNER (*Acadia*): I have a question in connection with terminal space. Yesterday Mr. McNamara of the wheat board said there was space available at the eastern ports. I think he was referring to the present time. However, I did not follow the question up. I wonder if you would have any information as to whether or not there is terminal space in eastern Canada?

Mr. LOPTSON: Yes, I believe there is.

Mr. BAXTER: Based on our report of June 10, the eastern elevators with a capacity of 94.2 million had 50.1 million bushels of grain in store. The figure of 94.2 is their licensed capacity; it is not necessarily their operating capacity.

HORNER (*Acadia*): That is in eastern elevators or terminals?

Mr. BAXTER: In eastern terminals, as we classify them—the large eastern elevators.

Mr. HORNER (*Acadia*): What part of eastern Canada would that be?

Mr. BAXTER: It starts from the bay ports at Collingwood and Owen Sound and that figure of 94.2 goes down to the maritimes and includes Halifax and Saint John.

Mr. HORNER (*Acadia*): Is there any terminal space available at Port Arthur and Fort William?

Mr. LOPTSON: When we left Winnipeg they were running around 67 million bushels which would only allow them a small amount of space, Mr. Baxter. It probably would go up to only 75 per cent of their working capacity. Therefore, they were getting close to congestion, especially on the basis of grades.

The CHAIRMAN: Gentlemen, will we now proceed with eastern elevator handlings?

Mr. MACLEOD:

Eastern Elevator Handlings

Improved shipping during the closing months boosted the 1957-58 Eastern Seaboard export total to 154.4 millions for a gain of 9.2 millions over 1956-57 levels. The Maritime ports of Saint John and Halifax increased their export loadings by 3.2 millions to a winter season's total of 30.9 millions. The balance of the expansion occurred largely at Sorel and Three Rivers.

The internal forwarding pattern at Eastern elevators differed little from that recorded for the previous season. Primary and transfer receipts of the five principal grains totalled 451.2 millions of which transfers or re-handling accounted for 179.2 millions compared with a 460.4 million total and a 180.2 millions transfer movement in 1956-57. Eastern domestic shipments through these elevators totalled 115.8 millions, only 1.2 millions heavier than the previous year's movement to flour mills, manufacturing plants and local domestic outlets, principally feed plants and dealers.

The CHAIRMAN: Are there any comments, gentlemen? Then we will proceed to "exports".

Mr. MACLEOD:

Exports

Canada exported 275.7 million bushels of wheat, 39.9 millions of wheat flour, 25.9 million bushels of oats, 75.1 million bushels of barley, 5.4 million bushels of rye and 13.7 million bushels of flaxseed during the 1957-58 crop

season. Exports of the five major grains together with the grain equivalent of wheat flour totalled 435.7 million bushels, a gain of 51.7 million bushels over the corresponding total for the 1956-57 season (384.0 millions). The expansion of 47.4 millions in wheat clearances, 6.4 millions in flour shipments and 7.6 millions in oats exports completely offset the 7.9 million bushel drop in exports of Canadian flaxseed from its record level of 21.6 millions in 1956-57 and the minor (1.8 millions) reduction in barley clearances. Rye exports in 1957-58 were almost identical with the preceding season's clearances. The crop year total for the five grains and flour was 120 millions above the long-term (30 year) average of Canadian grain and flour clearances and approximately 57.0 millions above the 378.0 million bushel average recorded for the preceding 10-year period.

The heavier Canadian wheat and flour shipments were made in the face of a reduced world trade in these two commodities and Canada's share of the international movement of bread grains and flour (including rye) moved up sharply from an estimated 22% in 1956-57 to approximately 29.1% during the year under review. Canada's exports of coarse grains held steady in the face of the increasing world market and represented a smaller proportion of the international trade in oats, barley, flaxseed and corn—14% compared with approximately 16% in 1956-57 and 14% in 1955-56.

The CHAIRMAN: Are there any questions?

Mr. HORNER (*Acadia*): I have one question, Mr. Chairman. It says that Canada exported 39.9 millions of wheat flour. Yesterday we learned that \$2,200,000 was the cost of the subsidy to the Canadian millers. Roughly speaking, that would be 10 cents a little over 20 million bushels of wheat flour and, roughly speaking, that subsidy to the Canadian millers is only on about one-half of the wheat flour exported; is that correct?

Mr. LOPTSON: I could not answer your question; it is strictly a Canadian wheat board matter.

Mr. HORNER (*Acadia*): That is the way it appeared to me and I wondered if I was looking at it correctly.

Mr. LOPTSON: Would you have any figures on that, Mr. Baxter?

Mr. BAXTER: No, I have not.

Mr. GUNDLOCK: 39.9 millions of wheat flour is mentioned; it does not say bushels. Is it bushels, barrels or what?

Mr. LOPTSON: It is expressed in wheat bushels.

The CHAIRMAN: Gentlemen, we will now proceed to "domestic usage".

Mr. MACLEOD:

Domestic Usage

The 779.0 million bushels of wheat, oats, barley, rye and flaxseed used by Canadians for feed, seed and industrial processing to food and other products during the crop year reflected the fourth consecutive yearly increase in Canadian domestic grain usage. The industrial portion as represented by grain moving through the elevator system to mills, malsters, processors, etc., was practically unchanged with the 47.0 million bushel expansion being drawn directly by farmers and feeders from farm-held stocks. Year ending farm stocks surveys, combined with production estimates and commercial marketing records, indicate that approximately 102.7 millions of wheat, 381.7 millions of oats, 122.5 millions of barley, 5.7 millions of rye, and 3.8 millions of flaxseed were used on Canadian farms out of farm-held supplies. These quantities were further supplemented by approximately 91.4 millions of feed and seed grains returned to farm usage after forwarding and/or processing through the

licensed elevator system, for the most part from the west to eastern users. Industrial requirements including grain for domestic flour and other human food, distilling, malting and crushing absorbed the remaining 71.2 millions of the 779.0 millions of Canadian grain used domestically.

The CHAIRMAN: Are there any questions?

Mr. KORCHINSKI: Does the 779 million bushels of wheat, oats, barley, rye and flaxseed used by Canadians represent the amount of grains that have gone through the elevators or is that an estimate on all that has been used?

Mr. BAXTER: As it mentions, that would be a combination of the grain going into the elevators and back to domestic users and mills; also the grain disappearing directly off the farms before it goes into the licence system.

Mr. KORCHINSKI: In other words, it is more or less an estimate?

Mr. BAXTER: Yes, it is partially an estimate; the elevator figures will be exact.

Mr. HORNER (*Jasper-Edson*): What is the relationship of the board of grain commissioners to the various local feed mills in the country; do you license these people?

Mr. LOPTSON: We do some.

Mr. HORNER (*Jasper-Edson*): Not all.

Mr. LOPTSON: There are some we do not license.

Mr. HORNER (*Jasper-Edson*): Which ones do you license?

Mr. LOPTSON: Thirty-eight mills are licensed.

Mr. HORNER (*Jasper-Edson*): What about the country feed mills.

Mr. LOPTSON: There are some country feed mills that have no licence with the board of grain commissioners.

Mr. HORNER (*Jasper-Edson*): They do not need one.

Mr. LOPTSON: No.

Mr. THOMAS: May I ask under what conditions would the feed mill be licensed by the board of grain commissioners.

Mr. LOPTSON: They would be licensed under the Board of Grain Commissioners if they are handling grain from producers under a Wheat Board permit. That would be one of the reasons. They would have to deliver their grain to a feed mill and it would have to appear on their permit book.

Mr. NASSERDEN: What about in eastern Canada, then?

Mr. LOPTSON: We have no control over the movement in eastern Canada.

Mr. THOMAS: Then would it be fair to say that the Board of Grain Commissioners are only interested in those elevators which handle grain direct from the farmers?

Mr. LOPTSON: No, that would not be the answer to it either, because there are some feed mills in western Canada that do handle grain from farmers and yet are not licensed under our board. The feed mills that are licensed under our board must use our grade names when they buy the grain—the grade names that are in the Canada Grain Act.

Those that are not licensed under our board cannot—and do not—use our grade names. For example, they could buy from a farmer just wheat; they could call it wheat, or No. 2 wheat—but they could not use our grade names. Then they could mix it into domestic feed and then sell it.

Mr. HORNER (*Jasper-Edson*): Is that legal?

Mr. LOPTSON: I am not here to say if it is legal or not, sir.

Mr. NASSERDEN: I think that is a fair question, though—whether that would be legal.

Mr. LOPTSON: For example, we have a problem with the P.F.A.A. payments. For example, a feed mill that is not licensed under our board, we do not collect the one per cent levy and they do not collect it from the producer with whom they do their business; yet those that are licensed under our board as a feed mill must collect the one per cent levy.

Mr. HORNER (*Jasper-Edson*): Do you not think all these feed mills should be licensed if they are buying grain from the farmer? Should they not all be licensed, so they are going to pay your P.F.A.A.—and not only that, but so you are going to have more feed control in regard to who could buy feed at discount prices?

Mr. LOPTSON: We have suggested to the Department of Agriculture—who control the P.F.A.A. legislation—that we would appreciate, as a board, that they all take out licenses under our board. But at the moment we have not had any reply from them. It involves rapeseed with people who are buying rapeseed—I could name several people out in the west who are buying rapeseed, and Mr. Rapp probably knows them as well as I do. They do not collect the one per cent levy.

Mr. RAPP: But they will in 1958-59?

Mr. LOPTSON: Not if they are not licensed under our board.

Mr. HORNER (*Acadia*): In Alberta recently there was a test case in one of the courts to more or less try the Wheat Board Act—the case was lost, I might say—but the farmers sold grain to another feeder and—I am not certain on the exact case, but the fact was that the wheat board ruled that that grain should be registered under his quota and on his permit. The fact is that it never went through the actual wheat board agent, as far as I could understand the report.

This would be a similar case. The grain would be still changing hands from one farmer to a feeder or a mill, and would not, necessarily, be going through the agency that you have licensed; but you would still—and, in this case, it was—take up the record under that person's permit?

Mr. LOPTSON: I understand they have a problem of that type with the unlicensed mills, but it has no bearing on our work at all. We only concern ourselves with those who are licensed.

Mr. HORNER (*Jasper-Edson*): Except that it might be a good idea if all these mills were licensed.

Mr. NASSERDEN: Who must necessarily get a licence—let us put it that way?

Mr. BAXTER: Any elevator that wishes to receive or ship grain by grade name must have a licence, otherwise the railway will not accept or deliver grain to them. The feeders, the small feed mills and the individuals that you were discussing would be dealing strictly on a local level; the grain would never come into the railway system or the general handling system. And, as Mr. Loptson said, it would not be bought by official grade name. Otherwise, they would have to have a licence.

Mr. SOUTHAM: That could develop into quite a volume of business among unlicensed mills, over a period.

Mr. HORNER (*Jasper-Edson*): It has already.

Mr. SOUTHAM: It looks like discrimination.

Mr. LOPTSON: We cannot force them to take out licences under the Board of Grain Commissioners.

Mr. NASSERDEN: I wonder if you could place on the record the 39/or 49, was it?—licensed feed mills?

Mr. BAXTER: I have a list of the licensed mill elevators. The committee may have been misled by the combination of the terms "feed" and "mill".

These are mill elevators. They may be operating a flour business and they may also be milling grain for feed purposes—but they are licensed as mill elevators.

Mr. HORNER (*Acadia*): Any mill or elevator operators operating in the flour business have to be licensed; is that right?

Mr. LOPTON: We have the Wheat Board Act here, and that has a list of all the mills and feed warehouses in Alberta—and the other provinces—and there are quite a lot of them under our board. Some of them are not licensed. Would you like to have it?

Mr. HORNER (*Acadia*): Not necessarily, no.

The CHAIRMAN: Is it the desire of the committee that these mills that are licensed be included in the minutes?

Mr. HORNER (*Jasper-Edson*): Perhaps we could have the entire list.

Mr. LOPTON: All the ones in the three prairie provinces?

The CHAIRMAN: Does the committee desire that this list be included in the minutes?

Mr. HORNER (*Jasper-Edson*): Yes.

SCHEDULE.

MILLS AND FEED WAREHOUSES IN MANITOBA.

FLOUR MILLS.

<i>Owner or Licensee</i>	<i>Address</i>
Altona Milling Company Limited	Altona
Ellison Brothers (Victor and Roy Ellison)	Teulon
Gardenton Milling Company Limited	Gardenton
Holland Flour Mills (Jacob Friesen)	Holland
Kent, B. P. Flour Mills Limited	Viriden
Manitoba Milling Company (Louis Lercher)	Brandon
Manitoba Milling Company (Louis Lercher)	Sifton
Maxwell Hutterian Mutual Corporation (Sam P. Woolman)	Pidgeon Lake
Midland Flour Mills, Limited	St. Boniface
Morris Milling Company Limited	Borris
North-Eastern Flour Mills Limited	Beausejour
North West Flour Mill (W. Zubatuik and P. Derkach)	Fisher Branch
Ogilvie Flour Mills Company Limited, The	Winnipeg
Pine River Flour Mill (J. Sosnowski)	Pine River
Purity Flour Mills, Limited	St. Boniface
Roblin Flour Mill (A. O. Becker and A. F. Andres)	Roblin
Sandy Lake Flour Mill (Peter Yaniv)	Sandy Lake
Simpson Flour Mill (Frank Simpson)	Benito
Somerset Flour Mills (O. Thorsten)	Somerset
Soo Line Mills, Limited	Winnipeg
Steinbach Flour Mills (J. P. Janz)	Steinbach
Turtle Mountain Mills (W. H. Clandening)	Deloraine
Wawanesa Flour Mills (W. Misowski and A. Bakal)	Wawanesa
Winkler Milling Company Limited (J. B. and P. Dyck)	Winkler
Harrison Milling and Grain Company (A. W., G. L., and Ruth Harrison)	Holmfield

SEED CLEANING MILLS.

Manitoba Pool Elevator Limited	St. Boniface
Brett-Young Limited	Winnipeg
McCallister Pea and Seed Cleaners Limited	Portage la Prairie
Campbell & Son, C. C. (Colin C. Campbell; Collin S. Campbell) ..	Reston

SCHEDULE—Continued

MILLS AND FEED WAREHOUSES IN MANITOBA.—Conc.

FEED MILLS AND FEED WAREHOUSES.

<i>Owner or Licensee</i>	<i>Address</i>
Federal Grain Limited	Winnipeg
Grunthal Feed Mill (J. Klassen)	Grunthal
Laing Brothers Limited	Winnipeg
Lockport Feed Mill (M. Prokopow)	Lockport
Manitoba Feed Supply Company (A. Kanee)	Winnipeg
Red River Grain Company Limited	St. Boniface
Riediger, J. P. & Sons Limited	Morden
Searle Feeds Limited	St. Boniface
Steinbach Feed Mills (P. B. Reimer & Sons)	Steinbach
Breckman Brothers (W. F. & G. A. Breckman)	Lundar
Feed-Rite Mills, Limited	Winnipeg
McCabe Grain Company, Limited	St. Boniface
Soubry Grain & Feed Company, Limited	St. Boniface
St. Boniface Grain & Feed Company Limited	St. Boniface
Steinbach Hatchery Limited	Steinbach
Bonnie Poultry Farm (R. A. Purves, E. A. Beemond)	Lac du Bonnet
Canadian Consolidated Grain Company Limited	Lac du Bonnet
Central Grain Company Limited	St. Boniface
McCabe Grain Company, Limited	Portage la Prairie
McCabe Grain Company, Limited	Brandon
McCabe Grain Company, Limited	Carman
McCabe Grain Company, Limited	Souris
McCabe Grain Company, Limited	St. Anne
Searle Grain Company Limited	Le Pas
Searle Grain Company Limited	Searle
Western Grain Company Limited	Carey
National Grain Company Limited	Dauphin
Red River Grain Company Limited	Winnipeg
Lake of the Woods Milling Company Limited	Portage la Prairie
Manitoba Pool Elevators Limited	Portage la Prairie
St. Adolphe Feed Mill (J. E. H. Brodeur, Edmond Brodeur)	St. Adolphe
Brookside Hatchery (A. A. Reimer, A. F. Reimer)	Steinbach
Dominion Grain & Feed Company (P. Snukal, L. Snukal)	St. Boniface
G. & E. Cash Store (V. J. Guttormson & O. F. Eyolfson)	Lundar
High Lumber & Feed Company, A. M. (E. G. High)	Killarney
Plett Brothers (J. R. & G. P. Plett)	Giroux
Shellenberger & Son, J. R. (L. Schellenberger, J. Schellenberger)	Kleefeld

MILLS AND FEED WAREHOUSES IN SASKATCHEWAN.

FLOUR MILLS.

Assiniboia Flour & Feed Mills (M. Cojocar)	Assiniboia
Battleford Milling Company (M. L. Hock)	Battleford
Buchanan Milling Company (Morris Naruzny)	Buchanan
Canada West Grain Company Limited	Melfort
Carnation, Harry (Viscount Flour & Feed Mill)	Viscount
Central Saskatchewan Flour Mills, Limited	Wakaw
Esterhazy Flour Mill (S. L. Junek)	Esterhazy
Estevan Flour Mill (A. E. Johnston)	Estevan
Foam Lake Flour Mills (S. Love)	Foam Lake
Gravelbourg Flour & Feed Mills (O. H. Gueldner, H. J. Gueldner)	Gravelbourg
Hub City Flour Mill (F. Goodman)	Saskatoon
Kamsack Flour Mill (J. P. Schindler)	Kamsack
Kayville Flour Mills (Mike Majeran)	Kayville
McNab Flour Mills Limited	Humboldt
Melville Milling Company (M. Waldman)	Melville
Quaker Oats Company of Canada Limited, The	Saskatoon
Redberry Food Products Limited	Saskatoon
Robin Hood Flour Mills Limited	Moose Jaw

SCHEDULE—Continued

MILLS AND FEED WAREHOUSES IN SASKATCHEWAN.—Conc.

FLOUR MILLS.—Conc.

<i>Owner or Licensee</i>	<i>Address</i>
Robin Hood Flour Mills Limited	Saskatoon
Saskatchewan Cooperative Producers Limited	Saskatoon
Sunrise Milling Company (J. A. Michand)	Biggar
Swift Current Flour Mills, Limited	Shaunavon
Swift Current Flour Mills, Limited	Swift Current
Union Supply Company, Limited	Rosthern
Unity Flour Mills (H. C. Klaehn)	Unity
Waskesiu Mills Limited	Prince Albert
Weyburn Flour Mills Limited	Weyburn
National Flour Mills Limited	Moose Jaw
Wynyard Flour Mill (H. Martin & Sons)	Wynyard
Yorkton Milling Company, Limited	Yorkton

FEED MILLS AND FEED WAREHOUSES.

Early Seed and Feed Limited	Saskatoon
Kellermann Milling Company (D. Kellermann)	Meadow Lake
Smith, Andrew, Hatcheries (Andrew Smith)	Tisdale
Speers, J. H. and Company Limited	Saskatoon
Bell's Limited	Prince Albert
McCabe Grain Company, Limited	Regina
McCabe Grain Company, Limited	Saskatoon
Canada West Grain Company, Limited	North Battleford
Canada West Grain Company, Limited	Prince Albert
W. E. Carnduff ..	Nut Mountain
Federal Grain Limited	Meadow Lake
Federal Grain Limited	Makwa
Parrish & Heimbecker Limited	Regina
Parrish & Heimbecker Limited	Indian Head
Searle Grain Company, Limited	Melfort
Searle Grain Company, Limited	Melville
Searle Grain Company, Limited	Lloydminster
Western Grain Company, Limited	Sutherland
Early Seed and Feed Limited	Aylsham
Canada Packers Limited	Melfort
Canada Packers Limited	Strasbourg

SEED CLEANING MILLS.

Canada West Grain Company, Limited	Pontrilas
Federal Grain Limited	Unity

MILLS AND FEED WAREHOUSES IN ALBERTA.

FLOUR MILLS.

Andrew Flour Milling Company (Kenneth Lott)	Andrew
Bonnyville Flour Mill (M. K. Terry & Douglas R. Cant)	Bonnyville
Byers Flour Mills (R. G. Byers)	Camrose
Byers Flour Mills (R. G. Byers)	Ohaton
Castor Flour Mills (H. Zinger)	Castor
Chinook Flour Mills, Limited	Okotoks
Claresholm Flour and Feed (E. Denison)	Claresholm
Coronation Milling Company (W. J. Zinger)	Coronation
Ellison Milling & Elevator Company Limited	Lethbridge
Gas City Flour Mill Company (A. Dederer)	Medicine Hat
Klaiber, F. M.	Eagle Butte
Lake of the Woods Milling Company, Limited	Medicine Hat
MacEachern Milling Company, Limited, The	Wetaskiwin
Maple Leaf Milling Company, Limited	Medicine Hat

SCHEDULE—Continued

MILLS AND FEED WAREHOUSES IN ALBERTA—Conc.

FLOUR MILLS.—Conc.

<i>Owner or Licensee</i>	<i>Address</i>
Mundare Flour Mill (S. J. Noy)	Mundare
Nanton Flour Mill (F. Long)	Nanton
North-West Mill & Feed Company, Limited	South Edmonton
Ogilvie Flour Mills Company, Limited, The	Edmonton
Ogilvie Flour Mills Company, Limited, The	Medicine Hat
Opportune Flour Mills (W. McKay)	Delia
Peace River Milling Company, Limited	Peace River
Purity Flour Mills Limited	Calgary
Radway Flour Mills Limited	Radway
Renown Mills Limited	Calgary
Ricker, C. C.	Wainwright
Robertson, A. C. & Company, Limited (Gleichen Flour Mills)	Gleichen
Robin Hood Flour Mills Limited	Calgary
Rockport Flour Mills (John D. Hofer)	Magrath
Rosebud Flour Mills	Didsbury
Rosedale Industries (P. J. Corban)	College Heights
Rycroft Flour Mills	Rycroft
St. Paul Flour Mills Limited	St Paul
Sterling Flour Mills Limited	Strome
Stettler Flour Mills Limited (Wm. Drewes)	Stettler
Sunnyview Flour Mill (Alva Toews)	Acme
Taber Flour Mills (N. F. Carley)	Taber
Vegreville Flour & Feed Mill (W. J. Brown)	Vegreville
Vulcan Flour Mill (John L. Robinson)	Vulcan
Weder Flour Mills (F. Weder)	Vilna
Wiebe, W. R. and A. M. Snaychuk	Vermilion

FEED MILLS AND FEED WAREHOUSES.

Alberta Flour & Feed Company (Robert Hopkinson)	Edmonton
Barrhead Feed Mill (W. Boulton & F. R. McVeigh)	Barrhead
Calmar Chop & Feed Mill (N. Wedman)	Calmar
Code, Walter	Red Deer
Eckville Co-operative Feed Mill Limited	Eckville
Ellison Milling & Elevator Company Limited	Magrath
Ellison Milling & Elevator Company Limited	Picture Butte
Ellison Milling & Elevator Company Limited	Raymond
Gole, A. S.	Didsbury
Jaque, M. H. (Lacombe Feed Mill)	Lacombe
Lauritsen, Harold (Warspite Feed Mill)	Warspite
Meier, Henrik (Olds Feed Mill)	Olds
United Grain Growers Limited	Edmonton
Warburg Feed Mill (Edwin S. Hall)	Warburg
Canada Packers Limited	Edmonton
Crown Feed Limited	Calgary
J. E. Love & Son (J. E. Love, H. J. Love, E. E. M. Love)	Calgary
McCabe Grain Company, Limited	Edmonton
Parrish & Heimbecker Limited	Calgary
Penhold Seed & Feed Mill (T. A. Bird)	Penhold
Rowswell's Flour and Feed (G. G. Rowswell)	Edmonton
Stony Plain Stock Feed Company (W. F. Irwin)	Stony Plain
Midland & Pacific Grain Corporation Limited	Benalto
Midland & Pacific Grain Corporation Limited	Carstairs
Midland & Pacific Grain Corporation Limited	Okotoks
Midland & Pacific Grain Corporation Limited	Ponoka
Midland & Pacific Grain Corporation Limited	Wetaskiwin
Midland & Pacific Grain Corporation Limited	Innisfail
Parrish & Heimbecker Limited	Bruderheim

SCHEDULE—*Concluded*MILLS AND FEED WAREHOUSES IN ALBERTA.—*Conc.*FEED MILLS AND FEED WAREHOUSES.—*Conc.*

<i>Owner or Licensee</i>	<i>Address</i>
Parrish & Heimbecker Limited.....	High River
Parrish & Heimbecker Limited.....	Leduc
Parrish & Heimbecker Limited.....	Red Deer
Parrish & Heimbecker Limited.....	Stettler
Searle Grain Company, Limited.....	Athabasca
Canada Packers Limited.....	Innisfail
Bentley Feed Service (H. G. Doepel).....	Bentley
Alberta Co'op Wholesale Assoc. Limited.....	Edmonton
P. Elzinga.....	Edmonton
Hall's Grain & Feed (A. H. Hall).....	Calgary
Montalbetti Brothers (F. Montalbetti).....	Bluffton
Morinville Feed Service Mill (A. Hebert).....	Morinville
Mac's Produce & Feed (V. D. McLean).....	Ardrossan
Nu-Way Feed Service (G. Krause).....	Josephburg
Robertson's Seed & Feed Company (V. F. Robertson).....	Edmonton
Spruce Grove Feed Service (J. D. Colban, J. A. Gosset).....	Spruce Grove
Warspite Feed Mill (H. Lauritsen).....	Warspite
Wilson, W.....	Edson
Westlock Feed Mill (M. Caouette, A. Theberge).....	Westlock
Sundre Feed Mill (G. J. Lutkehaus, F. E. Mitchell).....	Sundre

SEED CLEANING MILLS.

Alberta Seed Growers' Co-operative Limited.....	Edmonton
Canada West Grain Company, Limited.....	Edmonton
Hythe Co-operative Seed Growers (A. W. McNamee, L. Stickney).....	Hythe
Peace River Co-operative Seed Growers (A. Jenkins, A. R. Burgess).....	Grande Prairie
Sangudo-Mayerthorpe & District Seed Growers (A. Frobel)....	Sangudo
McCabe Grain Company Limited.....	Brooks
Grande Prairie Grain Company, Limited.....	Sexsmith, Beaver Lodge
Clara C. Thompson & Company (Clara C. Thompson, R. S. Thompson).....	Spring Coulee

Mr. HORNER (*Acadia*): I have one more question, not necessarily related to the previous question: but in the last two sentences of this paragraph you say:

... grain for domestic flour and other human food, distilling, malting and crushing absorbed the remaining 71.2 million bushels.

I was wondering what percentage of that 71 million bushels is wheat? Do you have that?

Mr. BAXTER: The domestic usage of wheat for industrial purposes—that is, to flour mills and food plants—during the crop year was 81.4 millions. That figure includes the 39 millions that were subsequently exported, so the 81.4 millions would be reduced by that 39 millions, to give you the Canadian domestic usage.

Mr. KORCHINSKI: On the same line—in that same sentence you say, “for distilling, malting and crushing”. What is meant by “crushing”? Is that for feed?

Mr. LOPTSON: That is right.

Mr. KORCHINSKI: Could you give us an idea as to how much is used by the distilling and malting industries?

Mr. BAXTER: The answer is, 17 millions.

Mr. KORCHINSKI: What does that include?

Mr. BAXTER: That is all barley. The brewers and maltsters utilize 17 millions of barley; other distillers utilize 239,000 bushels of wheat, a very small quantity of rye—the term rye whiskey is a misnomer—I am sorry, it is of oats. And 529,000 of rye. It is still a misnomer.

Mr. GUNDLOCK: Mr. Chairman, according to the figures here, apparently they dispose of some 416 million bushels—that is the total of wheat—and apparently only produce 370 million. In other words, we are producing less than we are disposing of. Is that through a planned or deliberate program, or simply because production is falling behind?

Mr. LOPTSON: Mr. Chairman, Mr. Baxter will give you that.

Mr. BAXTER: Mr. Chairman, the domestic wheat usage in Canada has been running between 160 and 170 million bushels a year. We have had the target—and I use that word “target” from the point of view of the wheat board’s target—of approximately 300 million bushels. As we recalled, last year the crop was definitely down. It was not a crop failure, but it came close to it, so it fell quite short of the 488 million bushels that we needed. However, there were adequate, or more than adequate supplies still in storage and on farm positions in the way of carry-over. But that is how an example of disposal over production helped to reduce that carry-over; and probably that will be repeated with respect to the crop year just ending.

Mr. GUNDLOCK: It will probably be repeated, you say?

Mr. BAXTER: Yes. If we maintain the figure of 349 million produced in last fall’s crop the domestic usage will stay around the 170 million bushels level, and the exports, according to the wheat board yesterday, will come close to the target of 300 million. So that will be 470 million bushels and will result in a further reduction.

Mr. FORBES: Mr. Chairman, you say that 170 million bushels are for domestic use. Is seed included in that?

Mr. BAXTER: Yes, that includes seed.

Mr. FORBES: How could you arrive at an accurate figure? There is approximately 7 million bushels of registered and certified grain produced in the three western provinces. How would you have any record of that at all?

Mr. BAXTER: I believe it was Mr. McIntosh that suggested—or was it you, sir, that suggested the figure for total domestic usage was an estimated figure? That is correct. It is calculated on the basis of the estimates put out or compiled by the bureau of statistics at the beginning of the season—or, at least, at the end of the previous season—as to the quantity of grain remaining on farms. Those are figures of the quantity of grain in actual storage. To that is added the amount of grain produced. That is the actual estimate of the crops. From that we take our figures of the actual amount going through commercial channels into domestic use, and the exports.

Then we come on to the final figure of this carry-over repeated again; and we have, automatically, a check, because there was so much grain available, so much disappeared through commercial channels, and there is only so much left. Therefore, that balancing figure must have been utilized on farms.

Mr. GUNDLOCK: I am not too much concerned with that carry-over. Yesterday the wheat board indicated that, roughly, we had only two-thirds of one year’s crop actually on hand to play with.

It is indicated here we are producing less than we sell for a three-year period now—that is, last year, this year and next year contemplated. The first thing we will know is that we are going to be out of business. On the other hand, we are on surplus all the time, and are more or less spoiling sales for the wheat board.

Mr. LOPTSON: I think the problem that the wheat board has is a surplus in wheat and, possibly, a little in barley. But the oats, rye and flaxseed is getting into—I would not say “a dangerous position”, but they are getting down in supplies.

Mr. GUNDLOCK: The chairman of the board indicated yesterday they need more stock than they have on hand to properly carry all the wheat sales. They have only two-thirds of a year's production actually on hand now. That is what we were told in committee yesterday. Again, we see less production and sales. I think it is time we quit talking surplus and got down to business.

Mr. SOUTHAM: I agree with Mr. Gundlock's observation here. It would possibly have a psychological effect on the market, if we do not re-assess this stock of grain.

Mr. LOPTSON: I agree with both gentlemen. We should not be discussing surpluses at any time.

Mr. GUNDLOCK: If you do not look out we are going to wake up and not have anything to sell. We will not have any grain to sell. Right now, what would two good dry years do? We would not be able to supply our customers.

The CHAIRMAN: Shall we continue on with the next paragraph, gentlemen, the carryover?

Mr. MACLEOD:

Carryover

The improved export movement combined with heavier domestic usage and coinciding with lighter crops, reduced Canada's surplus grain supplies appreciably during the 1957-58 crop year. Year ending stocks at July 31, 1958, were estimated to total 900.4 million bushels, reflecting a reduction of 219.9 million bushels from the record high quantities carried over at the close of the previous crop season. The two major items in the 19.6 per cent overall contraction achieved during the year were the cuts in stocks of wheat and oats as indicated by the following comparative July 31 carryover totals with 1957 data shown in brackets—wheat 611.5 (729.5), oats 154.9 (226.2), barley 118.2 (142.8), rye 10.1 (14.2) and flaxseed 5.7 (7.6), all in millions of bushels and representing combined holdings, both east and west, on farms, in licensed elevators, in mill bins and in transit between positions on the year ending date.

The CHAIRMAN: Any comment?

Mr. HORNER (*Jasper-Edson*): There certainly is not much surplus there, is there?

The CHAIRMAN: Now the paragraph on licensing and bonding.

Mr. MACLEOD:

Licensing and Bonding

The total licensed storage capacity at July 31, 1958, was 636,659,750 bushels, including 14,551,690 bushels in supplementary annexes to country elevators. Licences were in effect for 5,460 country, terminal, mill and eastern elevators; an increase of 8,357,400 bushels capacity, and a decrease of eight licences over the same date in 1957. The greater part of the increase in storage capacity occurred at country elevators.

The CHAIRMAN: Any comments?

Mr. HORNER (*Jasper-Edson*): Mr. Chairman, with regard to licensing, what do you have to do to get a licence? There is a number of elevators which some of the elevator companies in western Canada have or intend to tear down or close up. This is going to have a very marked effect on the agricultural economy of that particular area, because they are not going to have any place where they can sell their grain.

If these farmers in these areas wanted to come and buy an elevator, could they become a licensed elevator operator and, in that way, get rid of their grain?

Mr. LOPTSON: I would say that if he got a contract with the Canadian wheat board we would probably licence the elevator, if it had all the necessary scales, and so on.

Mr. HORNER (*Jasper-Edson*): Your only concern would be in the matter of scales and sieves and the other equipment necessary for its functioning?

Mr. LOPTSON: That is correct

Mr. HORNER (*Acadia*): Further to that question, I asked that question of the wheat board yesterday—I do not think it is on record, because I asked it before our meeting—and they said, “Well, if you have a licence from the board of grain commissioners we would grant a permit”.

Mr. LOPTSON: We have our licensing officer right here.

Mr. HORNER (*Acadia*): Which comes first, the licence or permission to act as agent?

Mr. BAXTER: Mr. Chairman, I would say that the licence would have first priority because we would be prepared to licence an elevator if it had the adequate equipment and was located appropriately, whether it did business or not. After that, the ability to do business would have to depend upon its relationship with the wheat board.

Mr. HORNER (*Acadia*): What would it cost to obtain that licence from you?

Mr. LOPTSON: \$5.00.

Mr. HORNER (*Acadia*): I noticed in the booklet entitled *The Farmer and the Country Elevator* it says that an applicant must file a surety bond. Would you mind explaining how much that bond would be, and would it have to be a cash bond, or a security bond, or what?

Mr. BAXTER: Country elevators are required to file a bond with us. At the present time the amount of bond for a country elevator, for a single country elevator, is \$10,000. That is to guarantee against any defaults in their transactions or any penalty that we might levy against them for default in their operation. That bond can be in the form of securities, that is, recognized securities, government bonds, or, as is the normal case, a surety bond purchased or arranged by payment of a premium through a Canadian Surety Company.

Mr. HORNER (*Acadia*): That is fine. Thank you.

Mr. NASSERDEN: May a farmer get a licence for an elevator along the track?

Mr. BAXTER: He can if his elevator is located on trackage; he may have either a public licence or a private licence. If it is the sole elevator at that point, then he must have a public country licence. But as long as he applies for the licence, and his equipment meets these other requirements, he could have a licence. There are some.

Mr. KORCHINSKI: When are these licences renewable? Are they continuous, or must they be renewed each year?

Mr. LOPTSON: They are renewed on the first of August every year.

Mr. THOMAS: What about eastern elevators, and elevators in southwestern Ontario that buy and handle grain? Are they licensed by the board of grain commissioners? I am thinking of elevators down around Chatham.

Mr. LOPTSON: I would say only those which handled western grain in Ontario would be licensed by our board.

Mr. THOMAS: I know that the board of grain commissioners carry on inspection services there, but there is no licence. I know there was some trouble there a year or two ago.

Mr. KORCHINSKI: Is a licence required by every elevator at every point, or may an elevator company have one licence for more than one elevator in the group?

Mr. BAXTER: They must have a licence for each elevator. But in some circumstances where they are physically joined together they can be licensed as an elevator and an annex. However, if it is a completely separate structure, it must have a licence.

Mr. LOPTSON: The licence is posted in every country elevator in the gangway.

Mr. FORBES: What is the difference between a public and a private licence?

Mr. MACLEOD: According to the Canadian Grain Act, chapter 25, RSC, 1952 volume 1, section 2, sub-section 21,

“private”, when used with respect to an elevator, means an elevator that is either used by the manager exclusively for the storage or handling of grain belonging to him alone, or, when the manager is a co-operative association of grain growers, or is a company controlled by one or more such associations, is used by such association exclusively for the storage or handling of grain either belonging to it or produced by or received from some one of more of its members;

Mr. HORNER (*Acadia*): They must be licensed before they can receive storage from the Canadian Wheat Board.

Mr. THOMAS: Has there been any request—or putting it another way—I understand that the Board of Grain Commissioners are in charge of the grain trade all across Canada, and if licences are required by elevators in the prairie provinces, can you give us a reason or reasons why licences are not required in Ontario?

Mr. LOPTSON: Well, I believe there was some correspondence about that with our Chief Commissioner two years ago. They asked if it was at all possible for eastern Ontario elevators to be licensed under the board. I believe he replied to these people by saying that he did not think that the elevators in Ontario would meet the requirements under the Canada Grain Act, and there are no licences in Ontario for small country elevators.

Mr. THOMAS: In order to obtain a licence the facilities and equipment must meet the requirements.

Mr. LOPTSON: That is right.

Mr. HORNER (*Acadia*): They said they must be renewed by August 1. Suppose they were later than that date. What would happen? Would they have to stay out of business for all the year, or could they still renew it?

Mr. BAXTER: Licence applications can be received at any time throughout the year.

Mr. HORNER (*Acadia*): Thank you.

Mr. KORCHINSKI: May we have a breakdown of the capacity of country elevators in the three prairie provinces?

Mr. LOPTSON: You mean a breakdown by province?

Mr. KORCHINSKI: Yes, that is right.

Mr. BAXTER: The capacity of elevators by provinces is as follows:

CAPACITY OF ELEVATORS

(by provinces)

Manitoba	Sask.	Alberta	B.C.	Ontario
48,849,300	195,571,990	126,839,950	2,032,000	65,000

Mr. KORCHINSKI: That is fine. Thank you.

Mr. NASSERDEN: In regard to terminals, we have heard about the difficulties at the opening of the St. Lawrence seaway having to do with the differences in equipment for the bigger ships that they need. Does the board have any jurisdiction over insuring that these terminals will put in the proper equipment as soon as possible?

Mr. LOPTSON: No Sir.

Mr. NASSERDEN: Getting to the bottom of my question in regard to elevators, you mentioned that they have to have certain equipment in them. What is the important equipment as far as securing a licence is concerned?

Mr. LOPTSON: You mean for terminal elevators?

Mr. NASSERDEN: Yes.

Mr. LOPTSON: In terminals, all we ask for is that they have adequate scales and inspection. We have no jurisdiction over their loading out into vessels. They have their equipment and we only inspect it for leaks and things like that.

Mr. NASSERDEN: Would that not apply to the elevators in Ontario as well, the same kind of thing, as to country elevators, or is there a rule about it?

Mr. LOPTSON: There is actually a lot of difference between a terminal and a country elevator. Mr. Thomas was speaking of an elevator such as you and I have in the province of Saskatchewan.

Mr. NASSERDEN: You mentioned equipment in regard to Saskatchewan elevators; but in Ontario, do they reach a certain standard? What is the standard?

Mr. LOPTSON: We can get that information and give it to you.

Mr. BAXTER: The reason I suggest that is that it seems to me—and this is technical—that by and large, the actual equipment in the country elevator that we are interested in, is the scales, and at least the adequacy of the storage bins and the separation of the storage bins, which are examined by our assistant commissioner.

In the terminals it becomes quite technical, and the plans and specifications of every terminal elevator must be submitted for the scrutiny of the board's chief weighmaster and chief inspector to see that the construction, that is, the location and the junction of the galleries, the conveyor spouts and everything, meets certain specifications to insure that the grain cannot be intermingled, or anything like that. That is in addition to our inspection of the scales and cleaning equipment.

Mr. KORCHINSKI: Is there a minimum number of bins that an elevator must have,—I mean a country elevator before a licence is granted?

Mr. LOPTSON: No.

Mr. KORCHINSKI: It can be all one big bin?

Mr. LOPTSON: I would imagine so if they have the proper scales, sieves, and dockage equipment, yes.

Mr. KORCHINSKI: Yes; if they had all the necessary requirements.

Mr. LOPTSON: You would find it difficult to do business, though.

Mr. HORNER (*Jasper-Edson*): Storing wheat for the wheat board.

Mr. KORCHINSKI: Some of these elevators only have two or three bins. In that way the farmer could get an increase in price because if he feels his grain is higher, it is just thrown into a bin which has No. 4 grain. He may feel it is No. 3 and the agent says there is no space for No. 3. Do you not feel there should be a minimum requirement as to the number of bins in a case like that?

Mr. LOPTSON: The problem I think is this—and you people from the west must realize it. If an agent, we will assume, has 10 bins in his country elevator

and he feels there is no movement for No. 4 wheat, he possibly could put a proportion of No. 3 and No. 2 deliveries into each one of those ten bins and then truthfully say to the producer that he does not have space for the No. 4 wheat.

Mr. KORCHINSKI: I suppose he could. However, if there is no regulation requiring the company to have a minimum number of bins, there is a possibility you could run into difficulty like that.

Mr. NASSERDEN: In the case of what you have just outlined, what recourse has a farmer who knows that is taking place?

Mr. LOPTSON: The only protection he has under the board of grain commissioners is simply to say to the agent that he will not take No. 4 and will pack up a two-pound sample and send it to the board of grain commissioners. If the agent has room for No. 3 he must take delivery of that and wait for the results from our chief inspector. If it grades 3, he must pay him on that basis. That is the only means he has except taking it home or taking grade 4. If there is a written complaint we will send out our inspector.

Mr. NASSERDEN: There is a practice which in some places is widespread. Suppose a farmer is pretty well satisfied in his own mind that this has taken place, and puts in a complaint to one of your assistant commissioners, and then if they found that is what had happened—it was classed as No. 2 or 3, and so on, and it was not tough or damp or anything like that—is there any way to get at the company to make them utilize their space more to the advantage of the public?

Mr. LOPTSON: I think the board of grain commissioners would look at it very severely. We would take the company to task if we found the bins were partly filled all the way around; that is, if our assistant commissioner found that to be the case.

The CHAIRMAN: Assistant commissioners.

Mr. MACLEOD:

Assistant Commissioners

Through its four Assistant Commissioners, the Board kept in close touch with the operation of licensed country elevators in the Western Division. During the year 1958, the Assistant Commissioners inspected 685 elevators in Manitoba, 1,095 in Northern Saskatchewan, 951 in Southern Saskatchewan, and 1,718 in Alberta, a total of 4,449. This inspection included checks on scales, sieves and certain other equipment; deductions for shrinkage and Prairie Farm Assistance Act Levy; and posting of current Board Regulations applying to country elevators.

Complaints originating from country points totalled 31, including one carried forward from 1957, as compared with 28 in the previous year.

Disposition of complaints investigated was as follows:

	Manitoba	Sas- katchewan	Alberta	Total
No grounds for complaint.....	2	13	—	15
Settlement effected.....	1	9	1	11
Outside jurisdiction of Board.....	1	—	1	2
Complaint withdrawn.....	1	2	—	3
Totals.....	5	24	2	31

The Assistant Commissioners received and handled numerous inquiries on various matters related to country elevator operation. They also discussed accumulated overages with elevator agents concerned.

Mr. KORCHINSKI: There is reference here to extra sieves.

Mr. LOPTSON: Grain sieves where they take the dockage.

Mr. SOUTHAM: It says here that the assistant commissioners received and handled numerous inquiries on various matters related to country elevator operation and they also discussed accumulated overages with elevator agents concerned. How do they receive complaints?

Mr. LOPSON: We have one assistant commissioner in Manitoba who is stationed at Winnipeg; one in Saskatchewan at Regina and one at Saskatoon; and one in Alberta at Edmonton. Quite often the farmers know they are at these points and will write direct to the assistant commissioner. Otherwise, the complaints come in through Mr. MacLeod, our secretary, and we forward the complaint back to the assistant commissioner.

Mr. RAPP: I see here a reference to deductions for shrinkage and Prairie Farm Assistance Act Levy. In our part of the country, where rapeseed is exported, the dockage on rapeseed is really very high. It is not usual to see 20 per cent dockage. The complaint is this; some of the cracked rapeseed is just as good as the other. I know of complaints that it has been used again after it is sold. Could there not be some means found so that cracked rapeseed would not be classified as dockage? It really is a problem out there. Of course, with wild oats and other grains, naturally, it has to be deducted; but in rapeseed it is cracked naturally and it happens quite often because it is a small grain which cracks very easily. I would like to suggest to the board that some way should be found so that cracked rapeseed would not be classified as dockage and should be paid for as rapeseed.

Mr. LOPSON: My answer to the first part of your question is that if you are having trouble with the country agent in assessing dockage to the rapeseed, you should send a sample to our inspection department at the closest point.

I think Mr. Fraser could give you an explanation of the sieves which we have been discussing.

Mr. P. FRASER (*Assistant Chief Grain Inspector, Board of Grain Commissioners*): Mr. Chairman, at the present time we are contemplating the introduction of one more sieve in the assessment of rape dockage. It is of a size approximate to that used in commercial grain. When rape is broken into fragments fine enough it will go with the other dockage material. The position is that it must be dockage when it passes through the lower sieves; otherwise, the dockage assessed should not be related to the loss in cleaning. The broken rapeseed passing through in significant quantities would be taken care of to some extent in the screenings recovered and is reflected to an extent on the screenings returned to the producer.

There are certain standards set up in the respective grades of rapeseed. There is a three per cent tolerance in Canada rapeseed. When we find that the broken rapeseed cannot stay within the 3 per cent tolerance of damage, then we have an alternate sieve, and if it should be to the advantage of the producer, we will use the alternative larger sieve in order to maintain the grade. Then he may expect an increase in dockage, but be compensated for it by a higher grade of rapeseed.

Mr. RAPP: Would that be implemented for this 1959-60 season?

Mr. FRASER: Yes.

Mr. RAPP: I ask this question because we were told last year that the same sieve should be in operation or use, but it never materialized. There is another matter which I would like to bring to your attention at this time. If we deliver our rapeseed to the processing plant in Saskatoon we can save almost half of the dockage at country elevators; for instance, if we deduct 12 or 16 per cent, the most they deduct is 6 per cent. The reason is because they can use that rapeseed there, while the country elevators are not so fortunate.

Mr. FRASER: In connection with any delivery of rapeseed anywhere, if the amount of dockage is in dispute between the producer and the person accepting delivery, as Mr. Loptson says, it is his privilege to send in a sample and we will assess the proper value of it.

Mr. HORNER (*Acadia*): With regard to deduction for shrinkage, could the board tell me whether or not there has been a new table put out recently for shrinkage?

Mr. LOPTSON: Yes, two years ago we made a slight reduction in flax from one-and-a-half to one per cent in straight and in tough and damp from two to one-and-a-half.

Mr. HORNER (*Acadia*): There was no change in the shrinkage tables or dockage tables for wheat a couple of years ago.

Mr. LOPTSON: Just the flax.

Mr. BAXTER: The answer there is that at that time the general handling or record system was changed from bushels and pounds to bushels and decimals and the new tables, which you may have seen at that time, were simply the two sets that went out, depending on how the particular country elevator ticket was set up. There was no change in the amount.

Mr. HORNER (*Acadia*): I thought they were allowed to take a greater amount.

Mr. LOPTSON: There was just the reduction in flax two years ago.

Mr. McINTOSH: I notice there is a paragraph here in connection with disposition of complaints investigated. Could I ask if there were more numerous complaints that were not investigated and what was the general nature of the ones that were investigated. Also, I have a second question in connection with the last sentence in the paragraph. Would you comment on the accumulated overages with elevator agents.

Mr. LOPTSON: In answer to your first question, the figures that are shown in that paragraph are complaints that have come to the main office and handled by the board. Offhand, I would say they mostly pertained to malting barley, grade and dockage.

Mr. McINTOSH: Was it in the grading?

Mr. LOPTSON: Some was in grading, yes. We can give you the list, if you like.

Mr. McINTOSH: I was just wondering if it was through inexperienced agents or at one particular point from which you received most of your complaints.

Mr. LOPTSON: No, they were scattered all across the three prairie provinces.

Mr. KORCHINSKI: I have two questions; one is in reference to the sieves. When was the standard set for the sieves; has it been changed since then?

Mr. LOPTSON: Would you answer that, Mr. Fraser?

Mr. FRASER: There have been additions. As commercial machinery is improved in terminal or other positions, we must duplicate in the manual sieves or the machine sieves which we use the result which is obtained in commercial channels. Therefore, there is a continuous addition to sieves in use. That does not mean to say that the sieves which have been used for some years become obsolete, because usually a new sieve being added is supplementary to the sieve already in use and merely increases its efficiency or speed. The lists of sieves in use and approved by the board are published annually in regulation No. 18 of the board's regulations and are displayed in every country elevator in Western Canada.

Mr. KORCHINSKI: I intended to ask my second question as a follow up to that of Mr. McIntosh, which was with reference to the last sentence, "they also discussed accumulated overages with elevator agents concerned." Who brings the overages to the attention of the board and what procedure does the board then follow; also, what happens to the agent?

Mr. LOPTSON: The overages of all companies concerned in the dealing of grain is brought to the attention of our statistical branch. Mr. Baxter compiles these figures and when he figures out all they have handled and sold at country elevators, he arrives at a figure which says they have an overage say of one-half of one per cent. That is how we get the figures. We get them from the grain companies themselves.

Mr. KORCHINSKI: And the grains at the terminals?

Mr. LOPTSON: Country elevators.

Mr. KORCHINSKI: What formality do you go through?

Mr. LOPTSON: Mr. Baxter furnishes to us a list every month of the elevators that have excessive overages. We send them out to our assistant commissioners in the three prairie provinces. They have this list with them while they are inspecting the elevators. It is part of their duty while they are there to discuss their overage problem and ask them how they account for this one-half of one per cent, or whatever the case may be. However, that is not the end of it. Later on, about March, the three commissioners sit down. We pick out what we consider the excessive ones. We set a figure of .35 and we notify the companies and tell them that we would like to have their men appear at a certain place. We would ask them to have the superintendent of the district and also an official from the company appear with them. We sit down and discuss this excessive overage with them.

Mr. KORCHINSKI: Now, in the course of your discussions, if you feel that over a period of several years the agent persists in having overages, what happens then?

Mr. LOPTSON: We maintain this position: three times and out. We cannot fire a man but we can refuse a licence to the company at the point.

Mr. NASSERDEN: I have a question in connection with the producers of rapeseed. In regard to cracked rapeseed, is there any way the board of grain commissioners could regulate, say, a company purchasing rapeseed so that they would have to have cleaning equipment there and the producer could ask that his stuff be cleaned, or could you regulate it whereby they would pay for it?

Mr. LOPTSON: The sad part of it is that the bulk of the rapeseed that is bought in Saskatchewan, Alberta and Manitoba is bought by people who are not licensed by our board. I understand the pool in the province of Saskatchewan is in the business of buying rapeseed and, no doubt, they will be returning some of the profits to the producers.

In answer to your question, I would not know. However, the majority of people who have bought rapeseed are not licensed and we have no control of what they do.

Mr. COOPER: Was J. Gordon Ross, who contracted for rapeseed in Saskatchewan, a licensed buyer?

Mr. LOPTSON: No; and we also have Bogoch and Kaplan; they were not licensed by our board.

Mr. NASSERDEN: Did not the board last year set up grades for rapeseed?

Mr. LOPTSON: Yes.

Mr. NASSERDEN: Then, would they not have to secure a licence in order to buy rapeseed?

Mr. LOPTSON: On the majority of the rapeseed that was bought by those unlicensed people, our grade name was not used. They just bought rapeseed.

The CHAIRMAN: Shall we proceed with Prosecutions?

Mr. NASSERDEN: I did not hear that last observation.

Mr. LOPTSON: I say, the people who are not licensed under our board cannot use our grade names for rapeseed.

Mr. NASSERDEN: Then when they come to sell it in the markets of the world, if they are selling it as rapeseed, do they not have to sell it by grade?

Mr. LOPTSON: You have got me completely—

Mr. HORNER (*Jasper-Edson*): Do you consider rape as a grain?

Mr. LOPTSON: That is right, according to our solicitor down here in Ottawa, we have the definition as a grain.

Mr. RAPP: Rapeseed is a grain?

Mr. LOPTSON: Yes.

Mr. RAPP: You are just saying exactly what the Canada Grain Act classified rape as being. In the act it says, "an act respecting grain", and later on we find the schedule for statutory grades of western grain, and on page 765 we find that rapeseed is a grain.

Mr. LOPTSON: Quite.

Mr. RAPP: This morning, when Mr. McNamara was here, he said that according to the Wheat Board Act, rapeseed is not classified as a grain. I am sorry I did not bring that up this morning, but I could have shown him that under the Wheat Board Act, paragraph (e) it says:

"Grain" includes wheat, oats, barley, rye and flaxseed.

But it did not say that grain means wheat, oats, barley, rye and flaxseed, as it does in the other paragraphs here. So I think—just for the purpose of the Wheat Board Act, to make it clear—wheat, oats, barley, rye and flaxseed must be included; but according to the act respecting grain,—or, as it is called, the Canada Grain Act—it says here that rapeseed is a grain.

Mr. LOPTSON: Would you like us to have the secretary read out what we got from our solicitor?

Mr. RAPP: O.K., that would be fine; I would like to have it on the record.

Mr. MACLEOD:

While parliament did not include a definition of the word "grain" in section 2 of the act, it did, in subsection (1) of section 24, state that "the several grades of western grain mentioned in Schedule One . . . are hereby established". Schedule One includes a table for rapeseed. By this means, parliament has stated that rapeseed is one of the crops included in the expression "western grain" for the purposes of this act.

Mr. NASSERDEN: Supposing that they sign a contract with any one of these companies that is in the business to produce rapeseed, and they agree to take delivery of it, and when this fall comes they decide to sell it by grade—they give you a different price if it happens to be frozen or something else—are they then required to grade?

Mr. LOPTSON: At the elevator, yes. But I do not think—unless you had a large quantity that you could deliver, sufficient to get a special bin of your own in a country elevator at the moment—I do not think it would be possible, through congestion, and you would have to take a proportion of your rapeseed to an elevator, and if the agent said it was 10 per cent, or 20 per cent dockage—

we can use any figure—and you are not satisfied with the 20 per cent he wants to assess on it, you can send a two-pound sample to our inspection branch, and whatever comes back, that will be the basis of your dockage.

Then in return I believe he will ask you if it is all right if he can put it in one bin that has been set aside for rapeseed. Otherwise, he would simply say he has not got space for your rapeseed.

Mr. NASSERDEN: It might be frozen, or something else—some other off-grade—that, for one reason or another they are paying you a little less for. Could you ask that it be graded?

Mr. LOPTSON: If you retained a sample, I believe we could, could we not, Mr. Fraser?

Mr. FRASER: If a two-pound sample is sent to an inspection point that is participated in by the agent of the company and by the producer, the grade and the dockage will be established, and that will be a binding grade on both parties—subject to grade and dockage.

Mr. KORCHINSKI: Following this up, what procedure do you have to follow in taking this two-pound sample? For example, if you are dealing with the agent and you are prepared to allow a two-pound sample to be shipped for inspection by the Board of Grain Commissioners, and you have asked for it to be delivered to the post office—or wherever you want it delivered—what procedure should be followed in such an event?

Mr. FRASER: The procedure with regard to that is fully described in regulation 18 of the Board of Grain Commissioners.

Mr. KORCHINSKI: That is fine.

Mr. FRASER: Which is in every country elevator.

Mr. NASSERDEN: To get down to the case where an elevator company is allowing its agent to buy rapeseed, or the elevator company is buying it—they are already licensed by the board to buy grain and they are taking up room for rapeseed, and a person comes in: would they not be under the regulations of the Board of Grain Commissioners then, if they are buying rapeseed at an elevator licensed by the Board of Grain Commissioners?

Mr. LOPTSON: You are suggesting such as the pools may be doing this year—they will be in the business of buying rapeseed. I will say they would be under the regulations of the Board of Grain Commissioners.

Mr. NASSERDEN: It will be the same for this fellow from Edmonton, too, who is buying all through northern Saskatchewan?

Mr. LOPTSON: He is not licensed by our board.

Mr. NASSERDEN: But the agents at the elevator companies who are buying it for those elevator companies, should they not—

Mr. RAPP: They buy; but the agent is just buying, and I do not think they have a licence.

Mr. LOPTSON: If there was a dispute as far as grade and dockage was concerned, and you sent the proper sample to our inspection point, we would see you got the proper grade and dockage.

Mr. McINTOSH: I have a question on this one point. These elevator agents who are acting as agents for this chap who has been mentioned who is buying through northern Saskatchewan—are they buying as agents for the elevator company, or as individuals?

Mr. LOPTSON: For Bogoch.

Mr. McINTOSH: Are they issuing tickets, or are they paying cash?

Mr. RAPP: They are paying cash.

Mr. McINTOSH: Then they are not buying through the elevators, and that discriminates between the licensed dealer and the unlicensed dealer.

Mr. NASSERDEN: They are also taking up space that should be available to farmers, because they are using space in that elevator, are they not?

Mr. LOPTSON: That is true. They go to an elevator company and say, "We would like to get one special bin set aside for the handling of rapeseed", and that special bin is in the name of the merchant—whoever it might be—who is purchasing the rapeseed in that district from a group of farmers.

Mr. NASSERDEN: But if a producer of wheat, oats and barley asked for a special bin, would he not—under the regulations of the Board of Grain Commissioners—have priority over them in securing space? company, or as individuals?

Mr. LOPTSON: Yes, if he came first—and he had an empty bin.

Mr. NASSERDEN: Can an elevator that is licensed by the board and under contract with the Canadian Wheat Board utilize its space for any commodity that it wants to?

Mr. LOPTSON: That is right, any grain.

Mr. HORNER (*Jasper-Edson*): Are these people that are buying as agents paying the P.F.A.A. levy?

Mr. LOPTSON: No.

Mr. HORNER (*Jasper-Edson*): Even though they are using the elevator space?

Mr. LOPTSON: That is correct. Any unlicensed merchant who is going around buying rapeseed must not collect the one per cent levy—or, does not.

Mr. NASSERDEN: But it is licensed space they are using?

Mr. LOPTSON: The elevator man who is in the business will collect it.

Mr. HORNER (*Acadia*): I have a question along the same line. I think we have had quite a concession here and I think everybody should take particular note of it. Last year I asked Mr. Milner the very question, "Does the board of grain commissioners consider rapeseed a grain?" Mr. Milner said that in his own opinion, he considered rapeseed a grain, but he did not think the board of grain commissioners recognized it as such. Today, they have stated in so far as the board of grain commissioners is concerned rapeseed is a grain. That is true, because we have the act respecting grain, the Canadian Grain Act, and rapeseed comes under that.

Then, again, under the Wheat Board Act rapeseed is not necessarily excluded; but under the Wheat Board Act one cannot transfer grain from one province to another without it going through the wheat board. We have grain, in your definition, grain going from Saskatchewan into Alberta and not going through the wheat board. There is some conflict between the two acts and the two boards set up by this government; and I think that ought to be ironed out at the nearest possible time, because we have grain removed across the provincial boundary line and it is not going through the wheat board. As I say, it should be ironed out immediately because no other grain I know of can do that. If these people are buying grain in Edmonton, and have not that advantage, they are certainly violating your definition of grain, under that same meaning, and I think that should be ironed out immediately.

Mr. LOPTSON: We have no control over the movement of grain.

Mr. HORNER (*Acadia*): No, you have not, but the wheat board has; and you have stated quite clearly that rapeseed is a grain which is included in the act respecting grain.

Mr. LOPTSON: That is correct.

Mr. HORNER (*Acadia*): We have the wheat board set up which controls or has the distributing power over grain. They state no grain shall move across a provincial boundary unless it goes through their hands.

Here we have a grain, under your definition, going across the provincial boundary, and it does not go through the wheat board. There is a conflict there.

I bring to the attention of your board, the attention of this committee and that of the chairman, that that should be ironed out. I suggest those two boards should get together and iron it out at the very earliest possible time.

Mr. NASSERDEN: Mr. Chairman, I might very seriously suggest that where the board has licensed an elevator and it is receiving rapeseed there for storing, and it has been paid and is going on to another customer, in the name of an agent, that there is a liability to collect the P.F.A.A. levy on it.

Mr. LOPTSON: I can assure you, Mr. Chairman, we have had correspondence with the Department of Agriculture, who handle the P.F.A.A., and we have asked them that we would like to find some ways or means of having every-body licensed so they will pay the P.F.A.A.

Mr. MCINTOSH: I have two questions, Mr. Chairman. Mr. Loptson partially answered one just now.

It is your responsibility, the responsibility of your board, to collect the P.F.A.A. payment?

Mr. LOPTSON: That is correct.

Mr. MCINTOSH: You have admitted there are grains that are grown on the prairies which should be subject to the P.F.A.A. levy and are not being paid. In other words, these unlicensed dealers are purchasing that grain.

Mr. LOPTSON: That is correct.

Mr. MCINTOSH: You have made reference to rapeseed only. Are there other grains that are allowed to be transported over provincial boundaries without prosecution? How about flax?

Mr. LOPTSON: I am speaking completely from memory. I believe there is some flax, but not any appreciable amount.

Mr. MCINTOSH: But unlicensed dealers can buy any grain, including wheat, within the provincial boundaries?

Mr. LOPTSON: That is correct.

Mr. MCINTOSH: And not pay the P.F.A.A. levy, and sell it?

Mr. LOPTSON: Yes.

Mr. MCINTOSH: And it is not contrary to law?

Mr. LOPTSON: Yes.

Mr. MCINTOSH: But you have made representations to the Department of Agriculture so that all purchasers of wheat will be licensed—or all the purchasers of grain, rather, will be licensed?

Mr. LOPTSON: That is right.

Mr. MCINTOSH: When did you make that application to the Department of Agriculture; and have you had any results on it?

Mr. LOPTSON: I would say it was the early part of this year.

Mr. MCINTOSH: I would suggest, Mr. Chairman, that ought to be one of the recommendations of this committee to the department—that this matter be cleared up.

Mr. HORNER (*Acadia*): I see the Minister of Agriculture is coming into the committee room, and I think this should be repeated. The board of grain commissioners have just stated, from the definition by their lawyers, that

rapeseed, in their respect, is a grain. They have also brought out at this hearing that grain is moved across the provincial boundary from Saskatchewan to Edmonton.

Now we have a definition of grain that says that rapeseed is a grain. We have another definition of grain—we have not a definition of grain in the Wheat Board Act at all, but we have grain moving across the provincial boundaries, and in no other circumstances can that happen; no other crops grown are classed as grain. There is some argument here as to the definition the wheat board has for grain. All they say under the word "grain" is that grain includes wheat, oats and barley.

If I had a herd of cattle, and half were Holsteins and the other half Herefords, I would say my herd includes those Holsteins, but it would not necessarily say I am excluding my Herefords. This definition is not complete when they say that grain includes wheat, oats, barley, rye and flax. It is not complete at all, because it does not say what is excluded from that definition. It does not say what "grain" includes entirely: it just says, it includes wheat, oats, rye, barley and flax.

I say, now, we have one definition that definitely states rapeseed is a grain. We have no definition that is on any statute I have run across that definitely states rapeseed is not a grain. Therefore, I maintain that until the act respecting grain—the Canada Grain Act—is changed or amended, rapeseed is a grain.

The CHAIRMAN: I think we have had a very good discussion on this now, and, perhaps, we can bring it up in the recommendations to parliament.

Shall we proceed on Prosecutions?

Mr. MACLEOD:

PROSECUTIONS

No penalties were levied during 1958 for breaches of the Canada Grain Act or the Board's Regulations.

The CHAIRMAN: You can carry on with Defaults.

Mr. MACLEOD:

DEFAULTS

As a result of bankruptcy, one licensee was unable to redeem a number of outstanding cash purchase tickets. Settlement for these tickets was made to the owners by the surety company which had executed the licensee's guarantee bond, on deposit with the Board.

The CHAIRMAN: Shall we carry on with Shortages and overages, country elevators?

Mr. MACLEOD:

SHORTAGES AND OVERAGES, COUNTRY ELEVATORS

While the stock levels in country elevators generally were still high during 1957-58, crop variations across the prairies enabled the operating companies to complete the largest number of country elevator weigh-ups of any season since 1952-53. Reports submitted over the year covered 1,867 separate weigh-overs out of the 5,348 elevators operated, compared with 1,452 completed in 1956-57. The following table contains an analysis and comparison of the results disclosed by these audits:

ELEVATORS REPORTING	1957-58	1956-57
Shortages.....	493	481
Neither overages nor shortages.....	10	2
Overages of less than .25%.....	973	677
Overages of .25% to .50%.....	288	224
Overages over .50%.....	103	68
Total elevators weighed over.....	1,867	1,452

The Board summoned eighty agents of country elevator licensees to appear at hearings held at Winnipeg, Regina, Saskatoon, Calgary and Edmonton in connection with excessively high overages. At these sessions, members of the Board interviewed the agents and examined records concerning their operations in the presence of senior officials of the companies concerned.

The CHAIRMAN: Any comments?

Mr. GUNDLOCK: Why would it be, Mr. Chairman, in connection with these summonses you have no prosecutions? After all, you have 80 agents of country elevator licensees with excessively high overages.

Mr. LOPTSON: We do not prosecute an agent with an overage—

Mr. GUNDLOCK: What about the agents, then?

Mr. LOPTSON: —we give them a very good talking to and tell them we do not want to see them come back to the board at any time.

Mr. GUNDLOCK: What do you prosecute for?

Mr. LOPTSON: Breaches of the Canada Grain Act.

Mr. GUNDLOCK: Do you mean grading, and such as that?

Mr. LOPTSON: Yes, and we have had cases—I think Mr. MacLeod has some on record.

Mr. GUNDLOCK: But there is no prosecution for overages?

Mr. LOPTSON: No.

Mr. GUNDLOCK: Does that not come under your grain act licensing?

Mr. LOPTSON: It does not say “prosecute”.

Mr. SOUTHAM: With respect to overages, I have been advised and it has been suggested to me several times where people are dealing through pool agencies, where overages and certain excess profits are accumulated, in turn they would go back to shareholders and producers in dividends. There were very few complaints in that regard. The complaints by and large, are with private elevator companies. Is that correct?

Mr. LOPTSON: We call up all agents of all companies which have overages; we interrogate agents of all companies.

Mr. SOUTHAM: You can see the point, that there is less concern with people who are directly associated with the pool organizations and where they get some of the accumulated profits back again.

Mr. LOPTSON: No, we consider them all alike.

Mr. GUNDLOCK: Do you have a figure in bushels for the overages? Last year you had one. Can you indicate what it is this year, by way of total overages?

Mr. BAXTER: I suggest that the total overage last year was not 20 million bushels.

Mr. GUNDLOCK: That is the figure we had here some place.

Mr. BAXTER: The total overage based on the crop year returns for 1957-58 for all grain combined in country elevators was 897,748 bushels. That is the gross weight overage.

Mr. RAPP: It amounted to \$1 million odd last year.

Mr. HORNER (*Acadia*): Regarding overages over 5 per cent, I have before me the board of grain commissioners' report for 1956 where I noticed there were 67 elevators reporting overages over 5 per cent and 75 for the year 1954-55. Then we go to 1956-57, in this, and in that year's report there are 68; and in 1957-58 we are up to 103. I say we are up, because we have a variation from 67 to 75 in four years, and I have it in front of me. And then we go away up to 25, or over 30 points, that is, 30 elevator points with overages over that amount. Is that just for that year, or is it a trend, or what is the reason?

Mr. LOPTSON: As you noticed in this year's report, in 1957-58, they had a weigh-over of 1867 elevators as compared to 1452 elevators. It is true that overages over 50, or by one-half per cent in 1957-58 involved 103 elevators as compared to 68 in 1956-57. But the answer to that, sir, is that we have had a considerable amount of elevators weighed-over, and in this last report we are dealing with elevators that had not had weigh-overs for four or five and sometimes as many as seven or eight years.

Mr. HORNER (*Acadia*): Can that actually happen, when according to the act there is supposed to be a weigh-over every 22 months?

Mr. LOPTSON: Yes, for terminals.

Mr. HORNER (*Acadia*): Is there any particular time when weigh-overs can lapse?

Mr. LOPTSON: We have asked all country elevators to get all their houses weighed-over yearly, but with the congestion it has been practically impossible.

Mr. KORCHINSKI: Does the board take the report of the elevator company in question after they have weighed-over?

Mr. LOPTSON: The elevator company superintendent goes to the country elevator point and he notifies his agent that he is there for a cut-off. He does all the work and marks down all the figures. The agent is there, and all he does is to sign the sheet that the superintendent weighed the grain while he was present and while he was on the job.

Then the figures come in to the head office of the company and they check their figures with their outward shipments. And then they return the sheets to us and Mr. Baxter works out the percentage of overages and shortages.

Mr. FANE: Would it be possible for us to be given a list of the elevator agents who were summoned, those 80, or where their elevators were located?

Mr. LOPTSON: Well, that puts me in a very difficult position. I do not think it would be very important information to this committee. We have a list of the men that were called, naturally. But sometimes the agent may have a gross overage which has been brought about through no fault of his. His scales may have gone out of order, or there may have been a miscalculation at the head office, and if we were to divulge the name of the man who was called, he might be found to have been perfectly innocent.

Mr. FANE: What about the location of the elevators?

Mr. HORNER (*Acadia*): Are you satisfied in your own mind that these same people are not being called up repeatedly?

Mr. LOPTSON: Definitely.

Mr. HORNER (*Acadia*): You are satisfied that you do not have too big a percentage of repeaters.

Mr. LOPTSON: I can assure you, Mr. Horner, that we keep a very close eye on the year's overage position. I am a producer myself and I know the problems;

and with these long cut-offs over five or six years, it is pretty hard to call in an elevator agent and give him the devil for something he cannot remember which happened possibly five or six years previously.

Mr. HORNER (*Acadia*): I mean as long as there is no continual repetition by certain agents doing it.

Mr. LOPTSON: That is right.

Mr. GUNDLOCK: Where is the check between the grading payments and the actual weight? In other words, the elevator company may buy 1,000 bushels of number 4 tough and subsequently it appears as 1,000 bushels on straight number 4. Why is that?

Mr. LOPTSON: We have no control of mixing in country elevators. The agent can do anything he likes with the stock he buys from the producer.

The CHAIRMAN: May we now proceed with regulations and orders?

Mr. GUNDLOCK: Does that apply to terminal elevators?

Mr. LOPTSON: No. They cannot mix the four top grades.

Mr. GUNDLOCK: Well, the Chairman of the wheat board told us yesterday that they did so at Churchill.

Mr. HORNER (*Jasper Edson*): I think he was speaking of the blending of toughs with dry.

Mr. LOPTSON: You can do that, but it has to be the same grade.

Mr. HORNER (*Jasper Edson*): What happens to this money that is paid to the producer?

Mr. LOPTSON: You are getting out of our jurisdiction.

Mr. NASSERDEN: May we put on the record a list of the shortages and overages both at country elevators and at terminals?

Mr. LOPTSON: You mean the total amount?

Mr. NASSERDEN: No, the itemized figures.

Mr. MACINTOSH: Have you not got that in here?

Mr. LOPTSON: There is one thing I would like to draw to your attention. After all, we have weighed up to 1867 elevators and out of that number you will see some 103 elevators, with a little over one-half of one percent, and you will also see 288 of them which vary between one quarter and one half percent; and that is only one third of the country elevators in our system.

In the next weigh-over of another 1500 or 2000 elevators, we may find in another year that there may be a shortage. If this committee is asking for a breakdown of what is happening just at this moment, I would be inclined to say to you, gentlemen, that I do not know just exactly how to answer you.

Mr. NASSERDEN: Maybe we do not need it.

Mr. MACINTOSH: Table 50, G-14, gives you the overages and the shortages of all the companies.

The CHAIRMAN: Is that satisfactory? If so let us proceed to regulations and orders.

Mr. GUNDLOCK: Under whose jurisdiction would that last question of mine fall?

Mr. LOPTSON: You mean about the mixing of tough number 2 with straight number 2? It is a Canada wheat board matter entirely.

Mr. GUNDLOCK: You say the Canada wheat board.

Mr. LOPTSON: That is right. We would supervise it, but if you are speaking of the difference, that is purely a matter for the Canada wheat board. It is grain which is supervised by our inspector at the terminal while it is being mixed or being dried. But the money is entirely a matter between the grain company and the Canadian wheat board which owns the grain.

Mr. KORCHINSKI: Mention was made that at the terminals blending is permissible but mixing of grain is not. Does the board inspect all shipments, and so on, at all times, and what checks have they?

Mr. MACLEOD: Mr. Chairman, we maintain a staff at every terminal elevator in Canada. We have a constant check at all times. No grain can be loaded at the terminal elevator without the supervision of our staff.

The CHAIRMAN: We will proceed with Regulations and orders.

Mr. MACLEOD:

REGULATIONS AND ORDERS

Regulation No. 5 was amended effective August 1, 1958, by revising definitions for "Rejected" grades of western barley and flaxseed. Also, two new "Off Grades" of Western grain to be known as "No. 2 Mixed Feed Oats" and "Sample Feed Grain", were named and defined.

Regulation No. 16 was amended effective August 1, 1958, to establish an additional fee of \$5.00 per car for official sampling by probing in the Western Division; this fee payable directly to the Board by the shipper or by the party requesting such service.

Regulation No. 22 was amended effective September 15, 1958, to provide a revised maximum tariff of elevation charges for wagons or trucks at interior terminal elevators at Saskatoon, Moose Jaw, Edmonton, Calgary and Lethbridge.

By Order No. 1—1958-59, dated November 6, 1958, the Board directed that: All artificially dried grain delivered to a licensed country elevator or shipped over a loading platform, shall be declared to be dried grain, and when shipped, the notation "DRIED" shall be carried on the railway bill of lading.

Mr. KORCHINSKI: Regulation 16 was amended to establish an additional fee of \$5. What is the fee now?

Mr. LOPTSON: Our fees were \$2 for inspection and \$1 for weighing. Recently, we changed our method of probing cars. We used to have a large staff at Winnipeg who went around and made seven stabs in each car. Now we have changed it. An agent must prepare a 2 pound sample when loading at the country elevator and place it inside the car. If anybody wants a car probed then he must pay a fee of \$5.

Mr. KORCHINSKI: This makes it a good deal easier for the agent to mix his grades because you are taking the agent's word for it when he prepares a sample. He can throw in a mixture.

Mr. LOPTSON: This 2 pound sample is not the official sample. The official sample comes in the unloading at the terminal. This is only a guide for the people delivering it.

Perhaps Mr. Fraser might say a word on this.

Mr. FRASER: This is a new part of the general inspection which was started on August 1, last. Actually, the primary reason for it was to better control the agent. He must take an average sample and declare it to be an average sample on the certificate when loading. It clearly states on the certificate that the certificate relates only to the 2 pound sample and not to the contents of the car. The agent advises his company he is shipping a carlot of, for example, 3 Northern, and when his 2 pound sample arrives at Winnipeg if their unofficial grade on that unofficial sample does not coincide with the information he has given to his company, then it is a case of his company policing the agent rather than us. At unload the true grade will be determined. We think it is a better means of actual compulsion on the agent to represent more truly the contents of the car. He is being policed by his own company and is running the added risk at all times of a sample being taken at unload. At unloading

it is a completely automatic business. The human element does not enter into it at all. This is final. It places his sample, which is not representative, in a pretty poor light in so far as the agent is concerned, with the company itself.

Mr. KORCHINSKI: If there is a way of self policing, so to speak, would it not also be true it makes grading more difficult at the elevator as far as the poducer is concerned?

Mr. FRASER: It has not changed one iota. It is the same thing. The sample is taken at the elevator by an automatic sampler. This new method of primary inspection does not affect him because he does not know the grade assigned to it on the unofficial sample. He is completely out of the picture as far as the grade that was established on the unofficial sample is concerned. So it cannot have any effect on his grading at unloading.

Mr. HORNER (*Jasper-Edson*): How has it been working out?

Mr. FRASER: To the elevators, the producers, the shipping companies, and certainly as far as our own operations are concerned, it has proven to be efficient and is increasingly efficient as time goes by.

Mr. KORCHINSKI: Was this change requested by the companies or was it a brain-child of the commission?

Mr. FRASER: It was our idea.

Mr. HORNER (*Acadia*): Was there any objection on the part of the elevator agents or the companies?

Mr. FRASER: There was some hesitation among some of the companies.

Mr. HORNER (*Acadia*): I notice there is a table published in some publication which states the number of pools inspected. Under your new scheme for this present crop year, every pool will be inspected now?

Mr. LOPTSON: At the elevator it is just a primary inspection.

Mr. NASSERDEN: Does this result in the elimination of some staff?

Mr. LOPTSON: It has cut down the staff a considerable amount.

Mr. HOWE: Have there been any regulations in respect of screenings?

Mr. LOPTSON: Mr. Fraser, do you want to discuss screenings with this gentleman?

Mr. FRASER: In regulation number 5 to which Mr. McLeod referred, there is a reference to two new grades. No. 2 mixed feed oats is what formerly would have been classified as screenings grade. That is material which has an excess of roughage, wheat heads and straw.

Mr. NASSERDEN: And wild buckwheat?

Mr. FRASER: No, there is a limitation, the same as for feed wheat. In other words, it is a feed grade which formerly would have been defined as screenings but now is a feed grade of oats of inferior quality to mixed feed oats.

There is a second new grade Sample feed grain. This grade consolidates 20 or more former grades of screenings in respect of which there was difficulty in binning at elevators. Each grade must have its own bin of be binned with grain of a similar grade in order to consolidate the binning.

Mr. NASSERDEN: There is still a grade No. 1 screenings?

Mr. FRASER: Yes; that is the top grade of screenings.

Mr. NASSERDEN: What is the percentage?

Mr. LOPTSON: You want the breakdown of No. 1 screenings?

Mr. NASSERDEN: Yes.

The CHAIRMAN: While the commissioner is looking up this information, may I ask if it is the desire of the committee to sit this evening and try to finish the report?

Agreed.

The CHAIRMAN: Very well, gentlemen; we will sit at eight o'clock.

Mr. NASSERDEN: If I may revert, Mr. Chairman, I would like to ask a question.

The CHAIRMAN: Is it the wish of the committee to give Mr. Nasserden the privilege of reverting?

Agreed.

Mr. NASSERDEN: In the case of an implement dealer or a garage operator, or someone like that, who might have secured grain in one way or another, could he store it in a licensed country elevator?

Mr. LOPTSON: If he has a permit book, yes.

Mr. NASSERDEN: He has to have a permit book?

Mr. LOPTSON: Yes.

Mr. NASSERDEN: Then how does a fellow who has rapeseed, which is also called a grain, put it through a country elevator? He has not a permit book.

Mr. LOPTON: The only answer I can give is this. The man to whom he is selling the rapeseed has acquired a special bin from the elevator, and the producer is dealing directly with this merchant.

Mr. NASSERDEN: How did the buyer secure a special bin from the elevator?

Mr. MCINTOSH: Licensing does not prohibit storing of farm machinery, does it?

Mr. HORNER (*Acadia*): Yes it does.

Mr. LOPTSON: The only thing I can say is that the wheat board does not recognize rapeseed as a grain; I think we should go back to the same old argument.

Mr. NASSERDEN: That might be an argument and I am not critical of the board at all, but I am just wondering whether they have done their duty in so far as this rapeseed and the handling of it is concerned.

Mr. LOPTSON: We will certainly take this matter up when we go back. The gentleman over there wanted to know the definition of No. 1 screenings. Mr. MacLeod, would you read this information to the members of the committee.

Mr. MACLEOD: No. 1 feed screenings shall consist of wild buckwheat and broken and shrunken grain and may contain small portions of other seeds of feeding value and wheat scourings. It shall contain not more than three per cent small weed seeds, chaff and dust combined, not more than five per cent ball mustard, not more than six per cent small weed seeds, chaff, dust and ball mustard combined, not more than eight per cent wild oats, and shall be cool and sweet.

Mr. HOWE: What is the average price which the elevator gets for those screenings in the west? Is there not an average price that they get out there for those screenings which are bought from the farmers down east at \$50 or \$55 a ton?

Mr. LOPTSON: I have no knowledge.

Mr. HORNER (*Acadia*): The farmer does not receive any price. After your grain is screened, you can pick it up, if you want it; but if it is not picked up the elevator company takes it and you are out the screenings and they do not pay you a ruddy nickel for them.

Mr. NASSERDEN: Some companies pay for the screenings of wild oats in some years.

Mr. THOMAS: May I ask one question, Mr. Chairman? Why is it necessary to label artificially dried grain "dry"?

Mr. LOPTSON: It is a manufactured product. It is not a true picture of the true grain and if they dry it that way we insist they mark it on their invoice, because sometimes the grain can be dried a little too severely and it loses its protein value. The reason why we insist on its being marked "dry" is so our laboratory and inspection branch can test it.

Mr. THOMAS: What happens when grain is dried in the terminals

Mr. LOPTSON: It is supervised by our inspectors.

Mr. THOMAS: That is not necessarily labelled?

Mr. LOPTSON: No.

The CHAIRMAN: Gentlemen, we will now proceed to "committees on grain standards".

Mr. MACLEOD:

COMMITTEES ON GRAIN STANDARDS

The Board constituted Committees on Western and Eastern Grain Standards for the Crop Year 1958-59 as provided in Section 25 of the Canada Grain Act. Personnel of these Committees is listed in Appendix A.

A meeting of the Western Committee was held at Winnipeg on October 23, 1958. The members received numerous reports relating to quality of crops grown in the 1958 season and to various other matters in connection with grading of grain, and also selected and settled standard samples and standard export samples for various grades of Western grain.

The Eastern Committee met in Toronto on August 22, 1958, and in Montreal on November 19, 1958, and established standard samples for grades of grain grown in Eastern Canada.

Both groups authorized continued use of previously selected standard samples in instances where suitable recent samples for established grades were not available.

The CHAIRMAN: May we interlace the "inspection of grain" with that?

Mr. HORNER (*Acadia*): I have an important point to raise at this time.

The CHAIRMAN: Would you mind waiting, Mr. Horner, until we read "inspection of grain"?

Mr. MACLEOD:

INSPECTION OF GRAIN

The Prairie Provinces had an unusual season in 1958. Crops generally started with adequate soil moisture, followed by very dry weather in May and June. At that time crop prospects looked very poor through Manitoba, Saskatchewan and part of Southern Alberta. When rains came in July, the recovery of crops was amazing; yields and grades were higher than had seemed possible early in the season.

No. 2 Manitoba Northern is the predominating grade of Red Spring Wheat, although grades of No. 4 Manitoba Northern and No. 5 Wheat resulted from wet weather at harvest time in northern areas. A high proportion of the Amber Durum crop grades No. 2 Canada Western.

Grades of rye and flaxseed average high; the ergot content of rye is particularly low in this crop.

Crops of oats and barley suffered loss of grade from weather damage in northern areas, but over most of the Prairies the average quality of these grains is high.

Inspections of rapeseed and tame mustard seed have been higher to December 31, 1958, than in the same period a year ago. A high proportion of

shipments have qualified for the top grades, but much of the rapeseed from northern areas has been high in moisture content.

Production of safflower seed increased significantly; 160 cars were inspected to December 31, 1958, compared to 59 cars to the end of December, 1957.

The CHAIRMAN: Now, Mr. Horner, you have a question?

Mr. HORNER (*Acadia*): My question deals with grain. I brought it up last year and I am going to bring it up again this year. I and a great many farmers are concerned with this continual decline in the percentage of No. 1 wheat they are growing and selling. It has been said often that the grade standards are not changed or tightening up. However, every year you take a grade sample in to these elevator men; you ask them what it is; if it is about the first sample he has seen in that particular year he tells you that he cannot grade it yet, that he has to send it away and get the grade standard on it.

I want to read from this booklet, the Farmer and the Country Elevator:

The standard samples selected and settled by the western committee on grain standards are used as guides in grading grain in any of the grades to which the said standard samples relate, but the definitions of the grade govern the grading.

My point is this: take a look at the definition of No. 1 and No. 2 wheat in the back of this book I have in my hand. I am not going to go into No. 1 Manitoba hard, because that may be what some may think is an imaginary grain. I do not mind that there be one supreme grain, which to many farmers is an imaginary grain; but the definition of No. 1 Manitoba northern is this—the grain must weigh 60 pounds to the bushel, well matured, practically free from damaged kernels, minimum percentage by weight of hard vitreous kernels—65 per cent. It must weigh 60 pounds: I am sorry. But the definition of “soundness”, the degree of soundness—it says, “Well matured, practically free”—I want you to take particular note of this—“practically free of damaged kernels”.

For No. 2 it says, “Reasonably well matured”—I am not going to debate that, because now with the combines, practically all grain is well matured—“reasonably free from damaged kernels”. You have two definitions there: one is “practically free of damaged kernels”, and the other is, “reasonably free from damaged kernels”. I do not maintain that there should be a difference with the definition of grade No. 1 and No. 2; but I maintain that under those two definitions there is no definition as to what percentage, or how many kernels out of 60, or out of 100 should be damaged or not damaged. I maintain that just the tightening up or the changing of the opinion of the person who is grading can vary the grade from 1 to 2.

If we go on, it says here, “Maximum limits of foreign material. Matter other than cereal grains”, and for No. 1 wheat it is “practically free”. Then under, “Total including cereal grains other than wheat”, for No. 1 wheat it is “Practically free”; for No. 2 wheat it is, “About one per cent”. There is a little difference there, I will agree—including cereal grains. We have about one per cent in No. 2 wheat and it is “practically free” in No. 1 wheat. There is a great deal of No. 2 wheat that would come under “practically free”, under that clause, because any area that is growing predominantly wheat has very little mixture of coarse grains in it.

The main difference is the definition—No. 1, “practically free”; No. 2, “reasonably free”. I maintain that those definitions—under those two words there is all the room necessary to vary or to tighten up on restriction and therefore come about with a depreciating amount of No. 1 wheat being bought from the farmers. Therefore, you might see some loss; the farmer is immediately losing 4 cents a bushel by that grading.

The farmers believe—and I do not say it is the exact case—but it is a point that elevator companies buy this wheat at No. 3 and sell it at No. 2, and so on. But I look at the tables for last year and I see .43 per cent graded No. 1 and—looking at the wheat exported—about 3 per cent of the wheat was exported as No. 1. Going down these tables of last year's committee meetings, No. 2, 16 per cent was bought as No. 2 and about 38 per cent was sold as No. 2. No. 3, 25 per cent was bought; 25 per cent was sold. Taking those three grades, you have the elevator companies buying it—40 per cent of the wheat was bought at No. 3 or better. You have the export of wheat, and over 60-65 per cent of the wheat that was exported was graded No. 3.

This is what I dread to see, because in every case, if there is a grading up by elevator companies, the farmer is the one who is losing out on it, and under this definition of grades, as I pointed out, under the words "reasonably" and "practically" there could very easily come about, in the minds of some people, a tightening up. I would not say there has to be a change; but different people would take a different definition for "practically" and "reasonably". There is a very, very small difference in those two words.

I noticed a statement in the papers recently regarding the quality of grain sold. Dr. Irvine—and I believe he is a member of the board and is present—stated that the quality of wheat in Canada is improving because summerfallow has increased 80 per cent. How can the quality of our wheat be improving if we are continually getting less and less No. 1? In fact, in the last crop year, 1956-57, we had .43, and this crop year it was .22. That is one quarter of 1 per cent of all wheat sold was graded No. 1—or less than one quarter of 1 per cent.

I look upon this—and I am sure a great many farmers look upon this—as, well, I know from talking with farmers that when you say, "No. 1", they just laugh at you. It is a forgotten grade, and I do not think that should be so. I think we in western Canada are growing every bit as good wheat as we ever did, and we should be at least able to get 5, 6, 7, 8, 9, 10 per cent of No. 1. The last time I sold No. 1 wheat was 'way back in 1947—12 years ago. Why is there that difference? Are my farming practices reduced that much? And other farmers say the same thing.

I would like a little explanation on these definitions of "reasonably" and "practically".

Mr. LOPTSON: We have a gentleman here, I think, who is quite capable of explaining "reasonably free" and "practically free".

Mr. FRASER: Mr. Chairman, the terms "practically free" and "reasonably free" have been considered at times in the light in which you present them, Mr. Horner—that they are not explicable enough to the people concerned in the trade. But the chief grain inspector instructs his entire staff as to exactly what "practically free" means in the grading of No. 2 northern. The whole staff is aware of what "practically free" means.

And "reasonably free" in No. 3 northern is defined to his staff percentage-wise. But we do not put it in that act because of the fact that it might affect export sales. We would not like to be in the position of quoting percentages of this, that and the other thing to the prospective customers overseas. We do not think it will help our exports a bit to tell anyone, say in Europe, "You are going to get No. 2 northern, and it may contain 1 per cent of barley".

Mr. HORNER (*Acadia*): That is not the point I am arguing. I am not arguing about what percentage of barley is in wheat; I am arguing about damaged kernels and where the "practically" and "reasonably" comes in.

Mr. FRASER: Yes.

Mr. HORNER (*Acadia*): Mr. Rapp raised the subject of rape. All wheat is ground eventually, and the difference between "reasonably" and "practically" may be 2 per cent of damaged kernels, or cracked kernels; I do not know. I do not think it should matter one iota...

Mr. FRASER: The number of cracked or damaged kernels in the sense of extraneous damage to the kernel, is defined both ways by the chief grain inspector to his staff.

Mr. HORNER (*Acadia*): Could we have that definition—or is that secret? I am not convinced, nor are the farmers in my constituency, that the Board of Grain Commissioners has not tightened up on the grades in the past years.

Mr. FRASER: We could not, even if we wished, tighten up on grading. We are subject to two controls which would immediately correct any tendency on our part to tighten up grading.

Mr. HORNER (*Acadia*): How can you say you cannot tighten up on grading when there is such a particular definition as “practically” and “reasonably”? I might think something is “practically” and somebody may think half a kernel more is just the same.

Mr. FRASER: But our inspectors do not. They have the same opinion and apply the same opinion in their work to the individual sample. They have definite tolerances expressed to them as to what the respective grades are.

Mr. HORNER (*Acadia*): How are those tolerances expressed? I notice in the Wheat Board Act every year, you have more or less to take a look at samples collected in the current crop year. You have more or less tentative standards. Under section 26 of the Canada Grain Act it says, tentative standard grain samples; and that is set out at this meeting every year. I notice in this other book the same thing.

I think, unless this table or schedule that the staff follows has been set out—well, this act came into being in 1930—

Mr. FRASER: Yes, it has been set out for years.

Mr. HORNER (*Acadia*):—a certain number, maybe five cracked kernels in 100, or something like that. I question that definition here, as to “reasonably” and “practically”.

Mr. FRASER: The tolerance of cracked kernels in grade 1 Northern is three per cent.

Mr. HORNER (*Acadia*): And in No. 2 Northern?

Mr. FRASER: Five per cent.

Mr. HORNER (*Acadia*): You are drawing a limit. I could go into all sorts of books—you are drawing a limit. In one year—I have the records here for 1955-56. On that it is two per cent. I am not saying that two per cent can be taken accurately. I do not think anybody would come to an argument over that, because I think it would be practically impossible to take two per cent that close to any year.

In 1955-56, 60.8 per cent of all wheat bought was graded No. 2; and 3.7 per cent was graded No. 1. I would not say it was all knocked down to No. 2 on account of that two per cent cracked kernel; but I would say a great percentage of it was. If we can grow 60.8 per cent of wheat graded No. 2, we should have, at least, more than three per cent of it graded No. 1.

Mr. FRASER: In answer to that, I may say we anticipate some increase in the volume of No. 1 Northern for the current crop year.

Mr. HORNER (*Acadia*): You do?

Mr. FRASER: Yes.

Mr. HORNER (*Acadia*): To what extent?

Mr. FRASER: Already it is apparent, in the ten-month period, that there will be some increase. To what extent, I could not say, because there are two months more in the crop year.

Mr. HORNER (*Acadia*): Some increase which is pretty big?

Mr. FRASER: Yes.

Mr. HORNER (*Acadia*): This year it is 0.21 per cent. Any increase on that? It could not possibly go any lower, I would not think. If it did it would go out of sight. Just like No. 1 grade, hard, that has gone completely out of sight.

Mr. FRASER: Last year the total carlots in respect of No. 1 Northern was 518 carlots.

Mr. HORNER (*Acadia*): 518 carlots No. 1 Northern?

Mr. FRASER: Yes.

Mr. HORNER (*Acadia*): And this year?

Mr. FRASER: Up to May 31 this year, 1,965 carlots of No. 1 Northern.

Mr. HORNER (*Acadia*): That would be less than a million bushels, roughly. It would be less than one million bushels?

Mr. FRASER: 1,965 carlots already graded this year.

Mr. HORNER (*Acadia*): Already graded, No. 1 Northern?

Mr. FRASER: Yes, in the neighbourhood of 3 million bushels.

Mr. HORNER (*Acadia*): I am glad to see it, but I should point out along with that that I as a farmer, and every other farmer here, know that the grades were a great deal higher last year due to dry weather.

Mr. FRASER: Yes.

Mr. HORNER (*Acadia*): And other conditions?

Mr. FRASER: Yes.

Mr. HORNER (*Acadia*): Grades were up, so I would certainly be disappointed if No. 1 was not up. I would certainly be disappointed about that.

Mr. FRASER: While we are speaking on the subject of No. 1 Northern, last year was an unusual year, in the area concerned, with frost, drought, and field damage of that type.

Another thing that is detracting from the production of No. 1 Northern is the fact that for the last few years one variety which was in considerable production at one time in Alberta—Red Bobs—no longer qualifies as being equal to Marquis.

Mr. HORNER (*Acadia*): Is it Red Bobs you cannot get a better grade for than No. 3?

Mr. FRASER: Yes.

Mr. HORNER (*Acadia*): Why is that?

Mr. FRASER: It is not equal to Marquis in milling and baking value.

Mr. HORNER (*Acadia*): Nowhere in this schedule have you said it must have a certain protein content or anything else.

Mr. FRASER: It is not related to protein. Marquis is the standard of quality for our Canadian red spring wheat in every way, including protein; though our visual inspection system does not consider protein.

Mr. HORNER (*Acadia*): Why was Red Bobs cut out, as an example? Why was it cut out? Was it because the variety, over the years, was deteriorating, or because our standards were increasing?

Mr. FRASER: You could not harvest grain, after one or two years, being considered equal to Marquis. The men who were in that variety could not take it off the field unless it exceeded in broken kernels three per cent. It was always three per cent.

Mr. HORNER (*Acadia*): It had a very brittle kernel?

Mr. FRASER: Yes, shattering.

Mr. HORNER (*Acadia*): Thatcher is noted—

Mr. FRASER: The combines ended Red Bobs.

Mr. HORNER (*Acadia*): Thatcher is noted as being tough to thresh, and does not readily, necessarily, crack.

Mr. FRASER: It does not shatter as does Red Bobs.

Mr. HORNER (*Acadia*): Thatcher is still the predominant grain grown?

Mr. FRASER: Yes, it is still the predominant variety.

Mr. HORNER (*Acadia*): You have witnessed a changeover from a grain which predominately graded less than No. 1, because of cracked kernels, to a grain that is not susceptible to cracked kernels; and yet we have the percentage of No. 1 going down instead of coming up. Along with that theory, it should be coming up?

Mr. FRASER: There are still many producers who are producing Red Bobs.

Mr. HORNER (*Acadia*): That is possible.

Mr. FRASER: Where it was No. 1 Northern in 1947 it is not No. 1 Northern now.

Mr. HORNER (*Acadia*): I see. How could you explain that statement of Dr. Irvine's—or maybe he had better explain it himself—when he spoke of the quality coming up? What was he referring to—protein quality or grade quality?

Dr. IRVINE: The statement that you read, Mr. Horner, referred to the fact the protein content of wheat grown on summerfallow has been higher than that of similar wheat grown on stubble. The statement there—that, in general, the quality of wheat is higher now because of the amount of wheat grown on summerfallow—refers to the fact that the average protein content should be higher as a result of this. The protein content of Canadian wheat is made higher and changes its quality in terms of the export market. Protein content is not a grading factor; and therefore is not considered in the grades as such. As the protein content goes up you do not expect to change the amount of wheat falling into the various grades.

Mr. HORNER (*Acadia*): You just said protein content is a very important factor in the quality of wheat for our export market. Are you in favour of protein content being a grading factor?

Dr. IRVINE: No; I am not at liberty to even pass an opinion on that. But the question has been debated many, many times before, and our main concern with protein content is to keep it as uniform as possible.

Mr. HORNER (*Acadia*): I know, but you take last year, regarding your statement on protein quality going up. Last year, due to climatic conditions the protein content was high. The year before, when I imagine nearly the same percentage was grown, protein content was lower by $1\frac{1}{2}$ per cent, or something like that.

Dr. IRVINE: This depends on your climatic conditions: when you have a dry year your protein content tends to be high; when you have a wet year your protein content tends to be low. This is roughly paralleled by the difference in yield.

Mr. HORNER (*Acadia*): Which is the more important factor in quality, climatic conditions or the summerfallow, as far as protein is concerned?

Dr. IRVINE: It would be desirable, certainly, to have all the wheat grown on summerfallow land and to have semi-dry conditions. This would produce the highest quality wheat. There are many differences in the quality of one crop as opposed to another; and it has to be largely the reflection of the protein content.

Mr. HORNER (*Acadia*): This argument is rather fruitless. I wanted a definition of that statement which you made on quality, and I have got it,

but I am certainly not satisfied with the definition given in the statement made as to the reason for our grades going down from No. 1 to No. 2; and I guess I never will be.

Mr. LOPTSON: Mr. Chairman and gentlemen, there is no doubt there is a dispute among farmers as to grade. I am a producer myself and sometimes feel that I am not getting what I think is properly due to me.

Do not lose sight of the fact that Canada is recognized as the finest grower of wheat in the world, and that our grading system is the finest in the world. It is recognized all over the world as being the finest.

We could debate here all day long I am sure. You have very good points as producers, and so do the people out in your country who feel that they might be getting better grades; but I can assure you that our inspection branch here in this country is the finest in the world.

Mr. HORNER (*Acadia*): It came out in the papers that through the process of automatic blending, with the new seaway, this is taking quite a bit of our grain, and that the farmers have a chance of receiving less for their grain than they did previously.

Mr. LOPTSON: The gentleman who said that is here, and he can explain it.

Dr. IRVINE: Unfortunately that is a position one gets into every so often. It was a misquotation. It arose from the statement simply that the amount of blending which Canadian wheat will get in the ultimate development of the seaway will be less than it gets now in going to the Atlantic ports. That was the essence of my statement. Subsequent discussion by others led to the suggestion that perhaps there could be some financial value put on this.

Mr. HORNER (*Acadia*): This automatic blending is a blending of number 2 grades of Saskatchewan and Manitoba together, or is it a blending of 2, 3, and 4 grades?

Dr. IRVINE: The words "automatic blending" were invented by the reporter who rote that story. If you should see a copy of my paper, they are not mentioned in it at all, and I do not recall anyone mentioning them at that meeting.

Mr. HORNER (*Acadia*): Do you actually believe that, because of this process of automatic blending, the farmer will benefit less because of the seaway, and from the grain moving over it?

Dr. IRVINE: No, not necessarily or at all, because the wheat which goes west and out of Vancouver does not receive multiple blending.

Mr. HORNER (*Acadia*): But two-thirds of our wheat goes by the lake route.

Dr. IRVINE: Yes, but we still have lots of wheat going via the west coast and the price is not affected by the fact that it is not receiving such blending. We take steps to control the protein content. That is a most important thing, and the blending aids uniformity of protein.

Mr. HORNER (*Acadia*): It is a uniform grade.

Dr. IRVINE: Yes. In the past we have taken steps to insure a more uniform distribution of protein.

Mr. HORNER (*Acadia*): This refers back to that statement which I, as well as many in Saskatchewan, maintain, that these areas which grow high protein wheat consistently benefit, and those areas which do not, consistently benefit through this automatic blending or process of mixing.

Dr. IRVINE: All the farmers of Canada benefit from their combined efforts.

Mr. HORNER (*Acadia*): My area is one which grows high protein wheat.

Mr. THOMAS: I have a double-headed question here. It is not very serious, but it has regard to the trend in grades. Does the board have an

opinion, or could it comment on the idea that possibly the increased use of combines may have tended to lower the grades, and also would they comment on the necessary changes in the varieties grown? Has that tended to lower the grades?

Mr. LOPTSON: The answer is yes. We have felt that way in both cases.

Mr. KORCHINSKI: I would like to ask one question. Mr. Fraser made reference to the tightening up of grading, and he said that two factors prevented it.

Mr. FRASER: Yes, there are two factors exercised against me as an inspector, or against any other inspector. These are sufficient to the extent that I could not possibly change my valuation of a sample of grain from year to year. First of all, Dr. Irvine's laboratory would be the first to criticize any deviation in quality. Secondly, the standards board assembled would be very quick to detect any apparent change in valuation standards. We could not, even if we desired, get past those obstacles in order to achieve such a thing. It is not a one departmental operation at all.

Mr. MCINTOSH: How do you explain that the amount which Mr. Horner referred to a few minutes ago, the amount of wheat exported in the top three grades, is so much greater than that purchased in those grades?

Mr. FRASER: Mr. Baxter would be in a better position to answer your question: but the receipts or purchases in one year do not necessarily relate to the exports, because there is always a backlog.

Just in passing, and in speaking of grading and the disappearance of number 1 northern or of other top grades—this is not being said in a critical spirit—but already during the crop year producers have lost 552 cars through rejected grades because of their containing excessive stones.

Mr. HORNER (*Acadia*): I am a farmer, and my land is not stoney.

Mr. KORCHINSKI: In respect to these grades, how can you explain it? I hope you will not be watching my grain from now on, but how can you explain why originally I got number 4 and ended with number 3? That happens to many other producers. How can you explain what happens, with these safeguards? Sometimes it works in reverse. Sometimes you start off the season with a high grade, and because of adverse conditions in the area it would appear that the grades automatically seem to drop by one or two.

Mr. FRASER: I can recall an incident a year ago where the producers of a particular grade were placed in a very favourable position actually because the country people or the people buying that grade were paying a number 3 northern price for it; but they subsequently got a number 5 wheat price for it when it finally reached the United Kingdom.

Mr. KORCHINSKI: I mentioned two cases. How can you explain the grading in those cases?

Mr. FRASER: Number 3 northern was not an official grade. It was a grade established by an agent at a country elevator.

Mr. KORCHINSKI: Certain areas will have number 2 in one year, and there will be a carry over of the crop. But in the following years they will have an inferior quality, number 3, 4, or below. But because the grades from that particular area, or the majority of them are number 4, it seems in many instances that if you take a sample of grain that was originally number 2, it seems to go back to number 3 at least. In very few cases does it go back to number 2.

Mr. FRASER: If it graded number 2 northern at any time in a government inspection office, it would grade number 2 northern again the next year.

Mr. KORCHINSKI: But it has not worked out that way.

Mr. FRASER: I can go to a country elevator myself and draw grain from a bin and put as many as five or six different grades on the grain drawn from that one bin.

Mr. COOPER: In grading Durum in 1940, plus, you got number 1 for it, but it gradually dropped back, and now number 3 is your standard grade. What is the reason for that?

Mr. FRASER: The picture is exactly the same in relation to Durum as it is to spring wheat. One million bushels were lost track of there because of faulty harvesting. Palliser is another grade which is not equal to the standard quality, so we do not grade by variety as early in Durum wheat as we do with Red spring, although Mindun has been the standard quality for many years. Palliser was not in great enough production to be an important factor in our grading, and although it was an inferior variety—that is inferior to Mindun, in all other respects it was equal to number 3 CW.

Mr. HORNER (*Acadia*): My question relates to what was said concerning combines, quality and variety. We have had evidence in this committee that varieties are improving the likelihood of receiving No. 1. To go back to combines, the question was asked last year. In the proceedings of the Standing Committee on Agriculture last year, it shows that in the year 1948-1949, 33.6 per cent was graded No. 1. I do not have to tell anyone here that there were practically the same number of combines used in that year as today. How does that difference explain that combines are detrimental to the prospects of getting No. 1?

Mr. LOPTSON: Are you speaking of the 1949-1950 season?

Mr. HORNER (*Acadia*): 1948-1949.

Mr. LOPTSON: The conditions at that time might have been that it was a dry season. We might have swathed and the swath was well up on the stubble. I would say that combines do affect the grain to a certain extent as far as quality is concerned. If the weather is damp and it is shoved down, you are bound to have lower quality.

Mr. HORNER (*Acadia*): You are speaking now about weather.

Mr. LOPTSON: In a season when the weather is good it would not have as much deteriorating effect.

Mr. HORNER (*Acadia*): But on the same theory, you readily admit weather conditions being favourable in this present crop year, we might receive 33.6 per cent No. 1 wheat.

Mr. LOPTSON: It could well happen if we had a dry season. We could develop 35 per cent of No. 1 wheat.

Mr. HORNER (*Acadia*): I will be around to watch it.

Mr. LOPTSON: I hope it happens, sir.

Mr. KORCHINSKI: Has the grain which has been graded No. 1 been coming from any particular region?

Mr. FRASER: This year, as an example of the influence of variety, all our information is that the producers in the Red River valley of Manitoba assumed we would not grade Selkirk 1 Northern anyway. Every day they were coming into the office. The producers were honestly convinced of that, I think. It was not 2, so this year the production of grade 1 Northern in the Red River valley is up six times what it was last year.

Mr. HORNER (*Acadia*): Selkirk is a relatively new variety?

Mr. FRASER: Yes.

Mr. KORCHINSKI: Does No. 1 come from any particular area?

Mr. FRASER: That is all I can give you at the moment. That is the only observation I can make at this time in respect of the production of 1 Northern. We can obtain that information for you.

The CHAIRMAN: It is six o'clock. We will adjourn and meet at eight o'clock.

EVENING SESSION

The CHAIRMAN: Gentlemen, kindly come to order. Shall we now proceed with research?

Mr. RAPP: I have one question on the inspection of grain. It concerns off-track storage. Is that grain taken out of the premises on your recommendation or on the recommendation of the Grain Commissioners, or is it just on the indication of the wheat board for off-track storage?

Mr. LOPTSON: The answer to that is that the wheat board asked our board to have a meeting with them and they wanted us to do away with off-site storage, with the argument that the grain is out of position and it nests there for a long time. And we agreed with it and we have cancelled off-site storage for the time being. However, there is still some off-site storage in effect to the extent of some 14 million bushels.

Mr. BAXTER: The last survey that the Canadian wheat board completed indicated somewhat slightly over 10 million bushels of grain in off-site storage as of March 1. Since that time they have made strenuous efforts to start to clean that out, particularly any of it that was put into that storage prior to December 31, 1955, and to try to move it out. We are getting cancellations daily, and we are following it up as the movement progresses.

Mr. RAPP: You mentioned 14 million bushels still off-site?

Mr. BAXTER: No, ten million bushels are left of grain in off-site storage. I can quote the figures here on off-site. The licensed or permitted storage totals 12.2 million, and that held 10 million bushels approximately at that time.

Mr. LOPTSON: Some off-site storage is emptied, and we will not re-license it.

Mr. RAPP: You only could use off-site storage on the recommendation of the Board of Grain Commissioners.

Mr. LOPTSON: That is right.

Mr. RAPP: I just wondered whether it would apply, to take grain out from off-site storage other than on the recommendation of the Board of Grain Commissioners.

Mr. NASSERDEN: Is any of that off-site storage at points where they have not been able to fill their delivery quotas in the last year or so?

Mr. LOPTSON: Have we a record of where the grain is being taken out?

Mr. BAXTER: I could not answer that question from the point of view of having information on the delivery quotas.

Mr. NASSERDEN: Perhaps I should have asked the wheat board.

Mr. BAXTER: That is right, you should have asked the wheat board. But I believe that the orders for box cars are allocated more or less from the over-all quota position. It is not going to interfere with the progressive reduction or increase in the quotas at those points. They are extra carloads.

The CHAIRMAN: Shall we now proceed with research?

Mr. KORCHINSKI: I revert to terminal handlings, and a statement that you made earlier today.

The CHAIRMAN: Does the committee agree to Mr. Korchinski's reverting? Agreed.

Mr. KORCHINSKI: Upon checking with the Hudson Bay route association publication I find that they say they shipped out of Churchill 19½ million bushels. The statement that the board made was that 18.4 million bushels were shipped out. According to the national harbours board's annual report for the year 1958 I find it was reduced to 20,260,000 in, and 20,109,000 million bushels out.

Mr. BAXTER: I am sorry that there is this difference in the circulation, but timing has caused this confusion. Our figures are based on the crop year, while the figures in this report are for the shipping season 1957-58. The shipments during the last few days of the crop year in the previous season normally were added to the following season. They would only amount to a partial loading of a vessel. But last year with the season opening on July 26 as it did, and with substantial quantities being loaded during those last several days of the 1957-58 crop year, we recognized that fact by recording this as mentioned here in the 1.8 million bushels. If you take our figures to date, in other words, for this crop year, and add them to the 1.8 million bushels, you come to their figure. I am sorry about it. It was just a matter of difference in the reports. Our statistics are based on the crop year, while their statistics are based on the shipping season.

Mr. NASSERDEN: I do not know whether this is the place to ask about it, but you mentioned a little while ago about shipments out of Churchill. Have you any figures having to do with the screenings which were shipped out from the government elevator?

Mr. LOPTSON: The National Harbour Board would have it. We would not have any information as to what they got for screenings.

Mr. KORCHINSKI: Does the board maintain inspectors of their own there all the time during the shipping season?

Mr. LOPTSON: That is right.

Mr. HORNER (*Acadia*): Mr. Fraser mentioned the fact that over the years this has continued. I wonder if he could say whether there has been a change in the sieves for screening rape seed in particular, or for all grains?

Mr. FRASER: Particularly wheat has been concerned in the addition of sieves. With the introduction of new and more efficient machinery at terminal elevators we must follow the pattern, and sometimes actually lead the pattern toward the development of these commercial machines, and toward a more efficient cleaning job being done on the grain. Quite often companies in commercial production come to us for advice, and the board authorizes a certain grading according to specifications. It particularly applies to wheat, but this year there has been a new development added to reduce these things, and there is another one in process. We must continually revise our thinking about screens to meet conditions at the present time.

Mr. HORNER (*Acadia*): There has been another sieve added to the rape seed at that point?

Mr. FRASER: Last year we changed to a four by five wire mesh.

Mr. HORNER (*Acadia*): This has had no effect actually on the grading of the grain.

Mr. FRASER: It has in a very limited area, and more material was removed which a smaller machine sieve would not remove.

Mr. LOPTSON: I would like to correct my answer to the question about our staff. I said that we maintained a staff during the shipping season. Our men

go up there before the time the boats come in, and they are there until the elevator is refilled, after the shipping season is all through.

Mr. KORCHINSKI: How many men do you maintain at that point?

Mr. LOPTSON: Twenty-one men.

Mr. KORCHINSKI: That is during the time they are in there. Then they go out. How many months of the year would that apply?

Mr. LOPTSON: From July 15 until the close of the shipping season.

Mr. KORCHINSKI: Do they inspect cars there also as they come in?

Mr. LOPTSON: Yes.

Mr. NASSERDEN: What do they do for the remainder of the year?

Mr. MACLEOD: When the Churchill season opens it does reflect a decrease in Winnipeg and Fort William. We are able to send our men from there to Churchill.

The CHAIRMAN: We will proceed with research.

Mr. MACLEOD:

RESEARCH

Estimates of the quality of 1958 crops of spring wheat, durum wheat, barley and oil seeds were published in the fall in two protein maps and four crop bulletins. This information was also presented to the Committee on Western Grain Standards. Changes to improve the presentation and interpretation of the data in the two cargo bulletin series were made at the beginning of the 1958-59 crop year; these bulletins are in wide demand overseas. Systematic studies of competing wheats entering the European market have been initiated and a continuous check on the quality of Canadian grains at various stages of marketing is being maintained.

The Laboratory and the Inspection Branch have continued their close co-operation in the investigation of the effects of grading factors on quality and studies of the quality of the Standard and Standard Export samples were made. The Laboratory assisted in the supervision of moisture testing in the Board's Inspection offices and CAE electrical moisture meters are now installed in seventeen of the offices. An increasing number of requests for service work have come from the Canadian Wheat Board, the Grain Division of the Department of Trade and Commerce, and from our Trade Commissioners in the grain importing countries. Studies of new varieties continue to occupy an important place in the Laboratory's Applied Research Section, and applied and basic research on quality factors in wheat and barley are being vigorously maintained.

The second postdoctoral Fellow under the N.R.C. Fellowship tenable in the Board's Laboratory is Dr. A. H. Bloksma of the Institute for Cereals, Flour and Bread T.N.O., Holland. Dr. Bloksma arrived in September and will work for a year in the Basic Wheat Research section. Mr. G. S. Bains of the Central Food Technological Research Institute, Mysore, India, is spending a year in the Applied Wheat Research Section as a Colombo Plan Fellow. Dr. W. Bushuk has returned from Strasbourg, France, where he spent a year on an N.R.C. postdoctoral Fellowship.

Close liaison is being maintained with cereal chemist in all parts of the world; the Laboratory has welcomed many scientists from all parts of the world this year and two senior staff members went abroad to study grain problems. Dr. Anderson visited Europe for technical discussion in the principal grain importing countries. Dr. Hlynka visited Japan with Dr. McCalla, Dean of Graduate Studies, University of Alberta, for technical discussions with cereal scientists there.

Refitting of Laboratory space in connection with the expansion of facilities is now complete, except for the new malting laboratory on the main floor and the Applied Wheat Research Laboratory, which will be moving into space on the eighth floor presently occupied by the malting laboratory. These moves should be completed during the first half of the coming year.

The CHAIRMAN: Are there any comments?

Mr. KORCHINSKI: Would this be a proper place to raise a question in respect of the moisture meters as we know them in the country elevators. Are there any standards that these moisture meters must attain before they can be accepted?

Dr. IRVINE: I presume you are speaking of the CAE Halross moisture tester.

Mr. KORCHINSKI: I do not know what kind they are. I have seen several different ones. Is there a certain standard they have to attain before they can be accepted as being accurate?

Dr. IRVINE: The principal moisture meter being used is the Halross, it has been calibrated by the grain research laboratory and is also calibrated by the company which makes the machines. We have been working together with them on it.

Mr. KORCHINSKI: Are there any regular inspections of these machines?

Mr. LOPTSON: Not in the country.

Dr. IRVINE: Are you speaking of country elevators?

Mr. KORCHINSKI: Yes?

Dr. IRVINE: We do not have anything to do with that, but the grain companies are interested in maintaining a check on it. We keep a check on our own machines.

Mr. KORCHINSKI: Is it not in the interest of the board to have an inspector check their accuracy from time to time. The farmers are taking it for granted that these machines are checked and accurate. Certainly a number of people have been led to believe they are accurate. Up until now I thought they were and now I am not sure.

Dr. IRVINE: There is a fairly good check on this when the grain is unloaded because it is measured on a similar type of machine, on which we keep a constant check. However, this is on unload of a total car.

Mr. KORCHINSKI: What safeguard has the producer? If it is in respect of a total car there could be 50 farmers delivering to the one car.

Dr. IRVINE: Again the farmer has the opportunity to send the sample in to the inspection department.

Mr. KORCHINSKI: Does not the board feel they should have an inspection team out in the field every once in a while, now that they have machines as standard equipment in most elevators? I agree that they speed up the process. Within a few minutes you can get a test now. I feel it should be the board's duty to inspect these machines. We are relying on them to give us an accurate test.

Dr. IRVINE: I am informed by our assistant chief inspector that this problem comes under the jurisdiction of our assistant commissioner when he is travelling. If this question is raised by anybody it can be looked into by the board. There is the other problem that the Brown-Duvel machine previously used was not subject to periodic inspection by the board of grain commissioners in the country elevators. This new machine is much more reliable and less likely to produce erroneous results than was the Brown-Duvel machine, if properly operated.

Mr. KORCHINSKI: It still does not reduce the possibility that someone might get beat on that, especially when there is a close test on tough and dry, for example. If the board does not inspect these machines, I would strongly recommend a periodic test.

Dr. IRVINE: There are about 5,000 of these machines.

Mr. KORCHINSKI: You should have them inspected once a year. You inspect the scales.

Dr. IRVINE: It certainly is a problem we could take under consideration.

Mr. HORNER (*Acadia*): I do not know exactly the type of machine to which you are referring, but I know in my own locality, a year or two ago, you could have the grain tested by the elevator man. He gave you a certain test, but if it happened to be on the day when the superintendent was along he had a testing machine run on a battery. If it was tested on that day he always squeezed out a drop more of moisture. This is an electrical machine which hooks on the car.

Dr. IRVINE: The CAE Halrose is a battery-operated machine. It is rather handy and you can carry it around.

Mr. KORCHINSKI: There have been several tests of the two machines. The one will test against the other and there are several points of variation on these two machines.

So that I sometimes doubt whether they are as accurate. Although perhaps they are far better than the old method, I still do not think that we should be guided by the results we get.

Dr. IRVINE: There is no exact determination of moisture. Moisture, at the very best, can be determined with some variability in it, and even with the CAE Halross machine you base it on the calibration curve and have a probable error of moisture determination in it. This error is something of the order of plus or minus 0.1 per cent. You can expect to get differences of up to 0.2 per cent between different machines. In fact, in some cases, the error might be slightly higher than that. However, this is something for which there is no exact value.

Mr. KORCHINSKI: Is there any research into the possibility of producing a machine that would be inexpensive and one which an individual farmer could have on his farm?

Dr. IRVINE: This constitutes just such a machine. The laboratory has spent many years investigating the problem of moisture content and we have carried on extensive investigations of machines put on the market, mostly after the war, and the CAE Halross was developed from a machine that was originally built in our laboratory by one of our technicians. We have taken a great interest in it. It appeared to be the best machine, very compact and inexpensive. So, this is the answer to your question, in a sense.

Mr. HORNER (*Jasper-Edson*): How much does it cost?

Dr. IRVINE: Something of the order of \$125.

Mr. NASSERDEN: It could be a lot cheaper if it was manufactured in quantity. Actually, there is nothing to it.

Dr. IRVINE: Actually, this has been manufactured in considerable quantity.

Mr. NASSERDEN: If every other farmer wanted one I imagine they could knock a few percentage points off the price of it.

Dr. IRVINE: This problem has been looked into by many countries, particularly in Europe where moisture content is a great problem, in the United Kingdom, Switzerland and France; everyone has produced machines which are simple and cost in the neighborhood of \$10 or \$15. These are the types where you poke the machine into the sack and it will tell the moisture content.

It will say whether it is 22 per cent or 21 per cent, with an error of plus one per cent or minus one per cent. That is fine for a farmer under those conditions; that is what he wants to know. He is interested in the general level. However, this is no good in western Canada where the difference between 14 per cent and 15 per cent is important, and these machines are just not accurate enough for our purpose. Now, this is the cheapest machine and the most reliable machine of its type that we have at the present time.

Mr. KORCHINSKI: Is there still continuous research going on in that particular field?

Dr. IRVINE: Yes, we are continuing to do research in this area.

Mr. NASSERDEN: I have another matter about which I would like to ask. You have studied a number of machines. Are there any in use in elevators today that were not too satisfactory?

Dr. IRVINE: No, so far as I know there have been none that have been widely sold, aside from this one. The work that we did on these various machines, which we published, indicated the lines along which the best development could be made, and this machine was a result of that.

Mr. NASSERDEN: At the delivery point where I delivered last year they had one and they sent it back to be repaired. I imagine they sent it back to the factory. Do you have a man, where they manufacture or service these, who could inspect them when they are sent back?

Dr. IRVINE: No, we do not have a man, but one of the technicians we had working in our laboratory at that time, who did extensive work on this machine, went to work for the CAE Halross Company when they were developing this, and he is there.

Mr. HORNER (*Jasper-Edson*): Do they make them in Canada?

Dr. IRVINE: Yes, they have up to the present time. However, recently the rights have been sold to an American company and now they will be made in the United States. It appears as though this machine will be spread throughout Canada and the United States.

Mr. NASSERDEN: The other question I had in mind was related to the scales. You do not check them; that is the responsibility of the weighing department. Is it under federal or provincial authority?

Mr. LOPTSON: Federal—weights and measures.

Mr. NASSERDEN: Could the inspection of these machines be brought under that department? When they check the scales they could check that.

Mr. LOPTSON: We will take that up with them.

Mr. RAPP: A year or two ago the breweries did not accept Parkland barley as a malting barley; how do we stand now? Are they accepting it now as a malting barley?

Dr. IRVINE: In this regard the breweries are conservative; they always have been. The introduction of a new variety, particularly one which gains immediate widespread interest on the part of the farmers, presents them with the problem that they suddenly have a large amount, in this case barley, about which they know nothing. They have not used it before. They are very conservative and are not too interested in trying it at once. However, they have done a great deal of work in the past year and they are now satisfied this is suitable for their purpose.

Mr. HOWE: Was this machine developed in your laboratories by your technicians?

Dr. IRVINE: The original model was. When the commercial model went into production it varied a great deal from the original machine which we built.

Mr. HOWE: Who had the original copyright or patent rights on it?

Dr. IRVINE: Normally when we build instruments in our laboratory we do not attempt to put copyrights or patents on them. This machine has changed a great deal. The principle was the same but the actual development of the machine was quite different and we retained no rights whatsoever on it.

Mr. SOUTHAM: With reference to research, during the last few years, when we have had a surplus of wheat, has a lot of attention been directed toward research to utilize wheat for purposes other than animal or human consumption? Do you develop research along those lines in your laboratories?

Dr. IRVINE: No, we do not. Our interests in the laboratory have been directed first of all in assisting the inspection department in connection with questions of grain quality and, secondly, research into what constitutes quality in grain for the normal usage of that grain. The prairie regional laboratory of the National Research Council in Saskatoon is concerned primarily with the industrial utilization of grain, other than through the normal channels.

Mr. KORCHINSKI: I have a question in regard to the sending of cereal chemists into other countries. What is the purpose of sending them; is it to study the needs of the other countries, or what is it?

Dr. IRVINE: It is to study the needs of the other countries, their problems, to hear their possible complaints and to discuss with them the way they do their research and the way they test things. We would like to have everyone agreed on the same methods of testing, so we can test our wheat before we send it out and it can be confirmed in whatever country to which we happen to be exporting. We are a long way from this at the present time; however, we are making a great deal of progress in international exchange of ideas on this basis. That is the primary purpose of these visits and, of course, in addition to that, we do certain explanatory work in connection with the grading system, the general wheat situation and so on.

Mr. KORCHINSKI: In connection with the malting laboratory, what is your present purpose; it would not be to develop new varieties and strains and I would not think it would be to develop new methods of malting.

Dr. IRVINE: To develop means of testing barley and the ultimate use of barley that is malted in very large malting companies all over the world, which use different methods. The resulting malt is brewed in breweries all over the world, again using different methods, and our endeavour is to find basic factors which can be described in terms of number which we can report in our bulletins, that will describe to them in understandable terms how this barley will malt and how it will process in a brewery. That is the nature of the research both in the field of barley and in the field of wheat. We are trying to develop a system which will convey the quality in intelligible terms to the customers who buy our main products.

The CHAIRMAN: Gentlemen, shall we proceed with Weighing of grain?

Mr. MACLEOD: Weighing of grain:

Weighing of Grain

The staff of the Board's Weighing Branch provided usual weighing services at licensed elevators and investigated complaints relating to reports of excessive outturn shortages on carlot and cargo shipments. The Board's scale inspector carried out periodic tests and inspections of scales at licensed terminal and eastern elevators, and made special inspections when such were considered necessary. Further detailed information in regard to the work of this Branch is given in Appendix F.

The CHAIRMAN: I would suggest that we go on to the next paragraph, because it interlaces.

Mr. MACLEOD: Weighover of Stocks, Terminal and Eastern Elevators.
Weighover of Stocks, Terminal and Eastern Elevators

In accordance with the provisions of Sections 139 and 140 of the Canada Grain Act, 24 terminal and 21 eastern elevators were weighed over during the 1957-58 crop year by members of the Board's Weighing and Inspection staffs.

Deferments into the following crop year were made at 12 terminal elevators at the Lakehead, 9 terminal elevators at other points, and at 9 eastern elevators. The Board found it necessary to grant these deferments to avoid delaying the handling and loading of grain required to meet export orders. However, it was possible to carry out eleven of these deferred weighovers before the end of December, 1958.

Tables G-12 to G-14 of Appendix G contain the results of weighovers carried out in the 1957-58 crop year.

Mr. HORNER (*Acadia*): I have one question under weighing of grain. I do not know whether the board can answer it or not. I know that in weights and measures there is a great deal of difficulty; but in my particular area there has been a great deal of concern over the use of scales. Some elevators have adopted the idea of weighing the front of the truck—the trucks now are too long to go over the scales—and then driving ahead and putting the back of the truck on and just weighing it in separate wheel units and getting the total weight that way. Do you consider that all right?

Mr. LOPTSON: In cases like that we have asked agents to check that load with a back hopper.

Mr. HORNER (*Acadia*): You do not know if there is any difference in that?

Mr. LOPTSON: We know it is going on; but most of the elevator companies now are doing quite a program on remodelling and getting larger scales, as you know. We know the problem agents are up against, and we have asked them to check their big loads with a back hopper to see they are weighed correctly.

Mr. HORNER (*Acadia*): What I mean is: have you noticed any difference after it has been checked—has anybody reported any difference to you?

Mr. LOPTSON: Not to my knowledge. Mind you, when we have overage hearings with some agents, they have reported they have had trouble with the large trucks and they have used the argument that their overage position was caused by very small scales. In the case of that being reported to us, we have gone to the companies in question and told them we would like to see them do something about their scales.

Mr. FORBES: Do they ever have a shortage under the same plan?

Mr. LOPTSON: Yes, they do.

Mr. KORCHINSKI: I wonder if you can tell us what happened to the phrase "hundredweight by '58"?

Mr. LOPTSON: I am afraid the answer to that is that we have heard nothing.

Mr. KORCHINSKI: Does the board feel that the present system of weighing will continue in the future or has the other system been dropped for the time being?

Mr. LOPTSON: I would say, yes, the board has the feeling that they will continue with the weights they are using at the present time.

Mr. KORCHINSKI: Do you not feel it would be a better system of weighing?

Mr. LOPTSON: Would Mr. Baxter like to touch on that subject?

Mr. BAXTER: Mr. Chairman, the position on that question, as far as Canada is concerned, is that—as I mentioned at last year's meeting—we could not very well go along with the hundredweight proposal on our own; we tied in with our handling and movements of grain with the United States to a great extent in commercial competition with them.

The program in the States is completely bogged down, as far as we can determine. There does not seem to be any particular attempt there at the present time to re-open the question.

As far as the actual pros and cons of the system are concerned, we made a fairly comprehensive report on it—a study of it, at least—two years ago, when the question was particularly in front of the trade. There were a number of advantages, from the point of view of simplification of office records, that would definitely add up to substantial savings within the company. At the time, the elevator operators themselves felt that they would run into just as much difficulty as was saved in the offices in having to convert their one hundredweight back to cubic units to determine their storage, and their storage position.

There is still no satisfactory decision, or, at least, balancing of these two sides.

The CHAIRMAN: Mr. Cooper.

Mr. COOPER: That was my question, Mr. Chairman: I was just wondering if there was anything that had changed—when you sell your wheat by the bushel, and then by the hundredweight, back to the bushel, then to the hundredweight, all across the board. That was my question, whether we were going to come to either the straight hundredweight all the way through, or the straight bushel all the way through.

Mr. BAXTER: With certain reservations, I would tend to forecast that ultimately we will work towards something that will either be the hundredweight or the decimal system, or the metric system; that is, a general progressive development, that I believe is under study by the United Nations with respect to the western world. The decimal system—be it the metric or the adaption of our own pounds system—is being more or less forced on us as the records of different transactions become handled by mechanized processes. These office machines and everything bog down considerably once they get into bushels or pounds, or fractions of each, and these conversions back and forth present a cost factor to the offices.

The CHAIRMAN: Shall we proceed to the next paragraph?

Mr. McINTOSH: Mr. Chairman, when are we going to take all these appendices—appendix F and G? Will it be when we come to them or with the paragraph?

The CHAIRMAN: Generally, when we come to them, Mr. McIntosh.

Mr. McINTOSH: Do they not relate to these paragraphs we are discussing now?

The CHAIRMAN: What is the wish of the committee?

Mr. HORNER (*Acadia*): I think, if we have a question of them now—

Mr. McINTOSH: There is quite an amount of reading in some of them.

Mr. NASSERDEN: We had better wait until we come to them.

The CHAIRMAN: I think we had better wait until we come to them. We will go on to the next paragraph.

Mr. MACLEOD: The next paragraph is on Entomological Investigations:

ENTOMOLOGICAL INVESTIGATIONS

To safeguard Canadian grain in storage from losses by insects, the program of inspection of terminal elevator premises and stocks begun in 1956 has been continued. Most of the terminal elevators were examined at least once during 1958 and those in the Bay Port and St. Lawrence River areas were visited at least twice. Existing conditions were discussed with management and where necessary, control instructions were issued.

In general the terminal elevators are essentially free from insect pests. Much of the improvement stems from the series of short courses given by the Board's Entomologist, Dr. H. E. Gray, to key personnel in the terminal elevators during 1956 and 1957.

A circular has been distributed to the grain trade on the Pacific Coast dealing with specific problems in that area.

The various grain inspection offices of the Board throughout Canada have been visited and insect problems discussed with key personnel.

Educational contact has been continued with the grain trade through addresses on grain insect control at the Annual Convention of the Grain Elevator and Processing Superintendents, the Conference of Grain Elevator Superintendents of the National Harbours Board, the Pacific Northwest Fifth Annual Grain Sanitation Short Course, and the joint meeting of the Association of Industrial Sanitarians and the American Association of Cereal Chemists. All of the addresses have been published in trade journals or incorporated in the proceedings of the conferences.

Mr. FORBES: This insect problem is largely associated with the harvesting of tough grain. Is it more prevalent when the grain is tough than when it is dry?

Mr. LOPTSON: I think it is derived from a lot of things in terminal elevators. It could be tough grain; it could be in dust. The mites and these insects, they develop from a lot of things. But Dr. Gray does go through all the terminals and checks them, and if he finds any insects of any type he notifies the terminal in question and tells them what they should use as a preventive, and they go ahead and spray it.

I think, maybe, Dr. Irvine could tell us more about how the insects develop.

Dr. IRVINE: I think the question can be answered simply this way: high moisture rates generally lead to deterioration in the form of mould growth and things of that sort, and not necessarily insects.

That is to say, dry wheat can be attacked as well by insects.

Mr. HORNER (*Jasper-Edson*): How about rats?

Mr. IRVINE: Any kind of wheat!

The CHAIRMAN: Shall we proceed to terminal and eastern complaints?

Mr. MACLEOD:

TERMINAL AND EASTERN COMPLAINTS

During 1958, the Board directed the investigation of 65 complaints regarding reports of excessive outturn shortages on shipments to elevators at the Lakehead, Eastern Canadian points, and U.S.A. points. Included were 31 on vessel shipments from Fort William and Port Arthur, 28 on vessel shipments from Eastern transfer ports, 3 on vessel shipments from other ports, and 3 on carlot shipments.

These complaints were disposed of as follows:

No cause of reported discrepancy found.....	40
No grounds for complaint.....	1
Settlement effected.....	19
Not yet disposed of.....	5
Total.....	65

The CHAIRMAN: I would suggest that the secretary continue on to the next item there, complaints on export shipments.

Mr. MACLEOD:

COMPLAINTS ON EXPORT SHIPMENTS

A total of 36 complaints relating to shipments to overseas destinations were dealt with by the Board and its officials during 1958. Of these, 23 complaints concerned outturn weights reported from overseas, and 13 referred to some aspect of the quality of grain cargoes.

Disposition was as follows:

	Quality	Weight
No cause of reported discrepancy found.....	—	14
No grounds for complaint.....	13	—
Settlement effected.....	—	1
Complaint withdrawn.....	—	3
Not yet disposed of.....	—	5
Totals.....	13	23

Mr. KORCHINSKI: Mr. Chairman, I wonder if you might explain the term, "off turn shortages"?

Mr. HORNER (*Jasper-Edson*): It is, "outturn shortages".

Mr. SOUTHAM: That is in the paragraph you have just read, under complaints on export shipments.

Mr. BAXTER: The outturn shortage is the difference between the weight of the grain billed into the vessel and the weight of the grain unloaded from the vessel.

Mr. HORNER (*Acadia*): These 13 complaints under quality, would that be due to the protein content of the grain, or the grade?

Mr. LOPTSON: It is mostly on the basis of grade.

The CHAIRMAN: Shall we proceed on the next two paragraphs?

Mr. MACLEOD:

STATISTICS

Statistics relating to Canadian grain movement collected and compiled by the Board's Statistics Branch are presented in Appendix G of this report.

INFORMATION PROGRAM

The Board's mobile exhibit was on display at 18 Agricultural Fairs and Field Days in various parts of Manitoba, Saskatchewan and Alberta during 1958. This exhibit, housed in a large trailer, features a display of the main grain grades, coloured photographs of types of kernel damage, pictures of Board operations, and posters outlining the rights and privileges of the farmer under the Canada Grain Act. It was in charge of two of the Board's Grain

Inspectors, who answered many questions from farmers, elevator agents and other interested visitors about grading of grain and the various functions of the Board of Grain Commissioners.

The colour motion picture film "Grain handling in Canada" was shown to visitors from Overseas, officials of the Foreign Trade Service of the Department, groups of farmers and agriculture students, and other interested persons.

Missions representing the Japanese Baking Industry, the Swiss Federal Cereals Administration, and the Scottish Co-operative Wholesale Society, visited the Board to discuss matters of mutual interest in the grain trade and obtain first-hand information in regard to the Board's functions and operations. The discussions were followed by tours of the Research Laboratory, the Inspection Branch and other offices.

Other Overseas visitors to the Board's offices came from Australia, Argentina, Belgian Congo, Burma, Denmark, Egypt, Finland, Western Germany, India, Netherlands, New Zealand, Pakistan, Philippines, Peru, Sweden, and the United Kingdom; and included Canadian Commercial Counsellors or Trade Commissioners from Australia, Bogota, Brazil, France, Western Germany, Guatemala, India, Japan, Philippines, and Singapore.

As in previous years, members of the Board and senior officials accepted a number of invitations to address annual meetings of producer organizations and discuss topics of current interest coming under their jurisdiction.

Mr. HORNER (*Acadia*): I have one question under this paragraph headed information program. I know most of the farmers, including myself as a farmer, do not pay enough attention to the board of grain commissioners. I wonder if they make any special effort, or if they could tell us what percentage of the farmers take advantage of it? I do not know whether they can, but I wonder if they can tell us whether the facility of the board of grain commissioners—where a farmer can send in a sample of grain to them—is used to any extent; and if they thought this could not be advertised a little more, to encourage farmers to receive the accurate grading of their grain more often through the board of grain commissioners?

Mr. LOPTSON: Mr. Chairman, a few years ago the regulations of our board were posted in gangways of the country elevators, and they were scattered from one place to another, as you all know from the west. About three years ago we instituted a program with the grain companies whereby they could get themselves a Bulletin board. We got a headline of the board of grain commissioners' regulations done up in block figures. We insisted all our regulations, including their licence from us, should be posted on that. We cannot go much further than that. I just do not know how you can. You can lead a horse to water but you cannot make him drink.

Mr. HORNER (*Jasper-Edson*): There is particularly, the privilege, whenever a dispute arises between the farmer and the agent, the farmer can state: "We sent a sample in to the board of grain commissioners, and you will have to accept it as official".

I wonder if you would comment as to whether this privilege is used to any extent. I think it should be used more often—including myself.

Mr. LOPTSON: I think Peter Fraser could tell us how many samples from the country farmers were brought in last year.

Mr. HORNER (*Jasper-Edson*): Is there any charge?

Mr. LOPTSON: There is no charge to the producer.

Mr. FRASER: Not to the producer. Mr. Chairman, there was a definite decline in country elevator samples last year of something like 10,000 samples received from producers. In Winnipeg there were 15,036; Calgary, 1,754; Edmonton, 1,633; Moose Jaw, 386; Saskatoon, 1,047; Lethbridge, 550; and Medicine Hat, 21, for a total of 20,427, as against 30,363 the previous year.

It was disappointing, and, as Mr. Loptson has described we have used every means which is available to us to bring this to the attention of the producers.

We have facilities for handling 100,000, if necessary, if the purchaser wishes to exercise that privilege.

Mr. KORCHINSKI: How much of a grading staff do you maintain in the Winnipeg office?

Mr. LOPTSON: Twenty-two.

Mr. KORCHINSKI: I want to follow this up. If you have 22 in the Winnipeg Office, when the 22 of them move into Churchill what is left in Winnipeg?

Mr. HORNER (*Acadia*): That is a different bunch.

Mr. MACLEOD: At the time the Winnipeg staff is sent to Churchill there is a consequent decline in the amount of work done at Winnipeg.

Mr. KORCHINSKI: There is nobody in Winnipeg?

Mr. LOPTSON: I think there is a misunderstanding here.

Mr. FRASER: May I ask you to repeat the question? Is that "grading" staff or "grain" staff?

Mr. HORNER (*Acadia*): "Grading".

Mr. FRASER: There are 22 qualified inspectors.

Mr. LOPTSON: But the people who go up to Churchill are the grain staff; they are not on grading.

Mr. HORNER (*Acadia*): In regard to the information, is it not so that at one time there was a charge of \$1 to the farmer for sending in a sample to the Board of Grain Commissioners?

Mr. LOPTSON: It was several years before I came on the board, but there is no charge made now.

Mr. HORNER (*Acadia*): It was quite a while ago.

Mr. LOPTSON: I could not tell you.

Mr. GUNDLOCK: Is this sampling strictly for grain including rapeseed, or is it sampling of all special crops? In other words, suppose I have a crop of peas?

Mr. LOPTSON: Yes, we would grade peas. Anything that is in the act we would grade.

Mr. GUNDLOCK: You say anything that is in the act.

Mr. LOPTSON: Does that answer your question?

Mr. GUNDLOCK: Yes. Thank you.

Mr. MCINTOSH: I see there was quite a large number of samples processed from Lethbridge. I know that many of these samples are mustard seed, are they not?

Mr. LOPTSON: We grade mustard seed.

Mr. MCINTOSH: Could Mr. Loptson tell us how they select the spots to show their mobile exhibit at agricultural fairs? I notice that they showed at 18 fairs. Is it done upon invitation, or do you follow up the people in these various places?

Mr. LOPTSON: We have our assistant commissioners to start with. They point out certain points where they travel through, and they speak to the producers that they visit and ask them if they would like to have the mobile exhibit at their B fairs. We try to select so many each year, and not to repeat in the same place twice in a row. This year we shall go up to the Peace River country with our mobile unit. Next year we shall not touch the Peace River country at all.

Mr. McINTOSH: Does that have any bearings on the drop-off in your requests for grading?

Mr. LOPTSON: We were hoping it would increase them. Our men who are in control of the mobile unit impress upon all visitors who visit that unit if they ever get into a dispute with a country agent, they should send their samples to our inspection department. That is done by those two men who go along with the unit. We hoped it would increase, but last year it dropped some 13,000 samples.

Mr. GUNDLOCK: Do the elevator companies urge this service or do they discourage it?

Mr. LOPTSON: They have nothing whatever to do with it.

Mr. GUNDLOCK: They have something to do with it, and I mean in connection with the sending in of samples.

Mr. LOPTSON: You mean can the elevator companies send in samples?

Mr. GUNDLOCK: No, do their agents encourage the sending in of these samples, or do they discourage it?

Mr. LOPTSON: I do not think I shall answer that question.

Mr. NASSERDEN: I think part of the problem is due to the fact that some of the elevator companies—maybe all of them—have their own inspection departments as well. And sometimes when a farmer has a grievance, they say to that fellow: "Send in your sample to our inspection department." And they get back a grade. But instead of sending it in to the Board of Grain Commissioners—that is where in your literature or leaflets, you should point out the fact that if they wish an official judgment on their samples they should send them in to the Board of Grain Commissioners. Maybe it is pointed out in there.

Mr. LOPTSON: We have a poster out now which is in every country elevator showing how a producer may draw a two pound sample and send it to the inspector. We also show on the poster a card saying that if they do not get this card back from the inspector, then it is not a government inspection. We know what you are speaking about. We know that some agents will say to a farmer: "I will send your sample in to Winnipeg." And that farmer thinks he is going to get a government inspection. But the only thing we can do is to put up these posters in the elevators, and if the farmer does not take heed of them, what can we do?

The CHAIRMAN: Shall we proceed now with Canadian Government elevators.

Mr. MACLEOD:

CANADIAN GOVERNMENT ELEVATORS

Receipts of grain during the crop year 1957-58 at the Canadian Government Terminal Elevators operated by the Board at Moose Jaw, Saskatoon, Calgary, Edmonton, Lethridge and Prince Rupert were 17.4 million bushels, compared with 17.0 millions in the previous crop year. Shipments amounted to 18.1 millions, a slight reduction from the total of 18.7 million bushels in 1956-57.

In the fiscal year 1957-58, revenues exceeded expenditures by \$467,787.

Mr. THOMAS: May we ask a question or two about Canadian government elevators? Has the board received any representations concerning additional storage in southwestern Ontario? There has been a feeling there that more storage is required. Have representations been made to the board?

Mr. MACLEOD: As far as I recall there have been no representations made to our board for additional storage capacity in that area. You would be referring to Sarnia, Goderich, and Walkerville.

Mr. THOMAS: That is right, to the Chatham area.

Mr. BAXTER: Actually, there is a possibility that once the seaway gets into operation, some of these elevators may actually be looking for grain handling. There may be space there.

Mr. HOWE: Those elevators you speak of are not government elevators.

Mr. BAXTER: No, they are privately owned.

Mr. THOMAS: Do they come under the jurisdiction of the Board of Grain Commissioners?

Mr. BAXTER: The large terminal elevators there do, yes.

Mr. THOMAS: I understand that the wheat board reserves certain space in those terminal elevators.

Mr. BAXTER: Yes.

Mr. THOMAS: And that during the late summer or during the harvest season in Ontario a certain space is vacated in order to make way for the Ontario wheat.

This has not been entirely satisfactory in times past. There has been talk of advocating for more grain storage space in that area. Could you tell us how these government terminals in the west first came to be built? Who initiated them? Was it the Board of Grain Commissioners, or the government, or who?

Mr. BAXTER: The Canadian Government elevators built through the west were started for a variety of reasons. As a matter of fact, it was in 1913 and forward. I do not know whether you wish me to go into the whole historical background of it. But perhaps the two major factors were the provision of additional terminal space on the prairies at a time when there was no terminal on the pacific coast, and we hoped that perhaps that storage would provide facilities for the clean up of the grain prior to moving it out to the coast. The second factor was the provision of a publicly owned cleaning and storage facility on the prairies to give the farmers that protection and the advantage of those cleaning facilities and of that storage for grain which the private companies would not touch.

Mr. THOMAS: There has been none built in recent years.

Mr. BAXTER: The last one was completed in 1931.

Mr. KORCHINSKI: Who maintains the terminal elevator at Hudson Bay or at Churchill?

Mr. LOPTSON: The national harbour board.

Mr. HORNER (*Jasper-Edson*): The revenue from that elevator exceeded the expenditures by \$467,000. Are these things paying their way?

Mr. LOPTSON: I think at the moment they are, but there have been years when they did not pay their way.

The CHAIRMAN: Shall we proceed with lake freight rates?

Mr. MACLEOD:

CANADIAN GOVERNMENT ELEVATORS

Receipts of grain during the crop year 1957-58 at the Canadian Government Terminal Elevators operated by the Board at Moose Jaw, Saskatoon, Calgary, Edmonton, Lethbridge and Prince Rupert were 17.4 million bushels, compared with 17.0 millions in the previous crop year. Shipments amounted to 18.1 millions, a slight reduction from the total of 18.7 million bushels in 1956-57.

In the fiscal year 1957-58, revenues exceeded expenditures by \$467,787.

The CHAIRMAN: Are there any questions? We will go on to lake freight rates.

Mr. MACLEOD:

LAKE FREIGHT RATES

The maximum rates authorized by the Board's Order No. 20 of September 28, 1954, as follows, remained in effect throughout the 1958 season of navigation:

	Wheat and Rye	Barley	Oats
—cents—			
(a) From: Fort William or Port Arthur, Ontario, To: Georgian Bay Ports, Goderich, Sarnia and Walkerville	5½	5¼	5
Port Colborne.....	7½	7¼	6¾
Toronto.....	8	7½	7¼
Kingston.....	8¾	8¼	8
Prescott.....	9	8½	8¼
Montreal, Sorel, Three Rivers and Quebec City, Direct or Transferred at Intermediate Ports.....	16	15¼	14
(b) For grain loaded during the month of December in any year these maximum rates are increased two cents (2c) per bushel to compensate for increased insurance rates.			

The average rates charged during the season are given in Table G-11 of Appendix G.

Mr. HORNER (*Acadia*): I have a question under lake freight rates. I notice there is no change as between this table and the one last year. I would have thought there would have been a change with the St. Lawrence seaway coming into effect. Will that be in this present crop year?

Mr. LOPTSON: That will be in the 1959 report.

The CHAIRMAN: Prairie Farm Assistance Act.

Mr. MACLEOD:

PRAIRIE FARM ASSISTANCE ACT

Under the provisions of Section 11 of the Prairie Farm Assistance Act, the Board continued to collect the one per cent levy on grain purchased by licensees under the Canada Grain Act. During the crop year 1957-58, the amount collected was \$6,114,474.50. Collections by the Board since the inception of the Prairie Farm Assistance Act to July 31, 1958, total \$107,311,189.91.

Commencing in the month of August, 1958, as a result of an amendment to the Prairie Farm Assistance Act, licensees have been required to deduct the levy from the purchase price paid for all flax and rapeseed, in addition to wheat, oats, barley and rye.

The CHAIRMAN: Is there any comment?

Mr. NASSERDEN: Does that final paragraph here mean that you could deduct the levy whether or not you are a licenced buyer of rapeseed?

Mr. LOPTSON: Only the licensee of our board.

Mr. RAPP: Since August 1, 1958?

Mr. LOPTSON: Yes.

Mr. HORNER (*Jasper-Edson*): Is it your opinion that all these buyers should be licensed excluding the feed mills so they can all collect their P.F.A.A.?

Mr. LOPTSON: I do not think I would say that. I think I would like to see some people in the business of buying rapeseed be forced to be licensed through our board.

Mr. HORNER (*Jasper-Edson*): But you do not think the feed mills should be?

Mr. LOPTSON: I would hardly think so. Some of them are of advantage to the producer.

Mr. NASSERDEN: There may be a technicality whereby they can escape paying it. As it reads it says the levy from the purchase price from all flax and rapeseed, in addition to wheat, oats, barley and rye. Whether or not you are a licensed buyer, as I understand it, you should have paid, whether it was bought by a licensed buyer or anybody else.

Mr. FORBES: A little enlightenment might help here. In western Canada today we have many persons running feed mills. You as a cattle rancher may be buying feed from me and then take it to a mill to have it mixed with concentrates, and so on. You would have difficulty in having anybody pay the P.F.A.A. rate on that.

Mr. HORNER (*Jasper-Edson*): We are not speaking of that. The mills which go out and buy grain from a farmer, grind it up and put in the concentrates and then sell it as prepared feed do not pay any P.F.A.A. rate.

Mr. LOPTSON: Mr. Chairman, the P.F.A.A. simply says this: we are the collectors of the P.F.A.A. fund and we get our collections from all those people licensed through our board. I think Mr. Baxter would have the amount collected for flax and rapeseed since it came under the act.

Mr. BAXTER: This is for the period of August 1, 1958, to March 31, 1959, which is the last accounting period following the date when the flax and rapeseed came under the act for collection purposes. The flax returns have netted \$298,301.95 and rapeseed \$44,608.67.

Mr. RAPP: Is the processing plant at Saskatoon licensed? They have a licence to buy?

Mr. LOPTSON: Do you know the name of it?

Mr. RAPP: It is in Saskatoon; it is the pool there.

Mr. LOPTSON: Yes; they are definitely licensed.

The CHAIRMAN: Organization and Personnel.

Mr. MACLEOD:

ORGANIZATION AND PERSONNEL

Mr. A. F. Dollery retired from the position of Chief Grain Inspector after 47 years' service with the Board and was succeeded by Mr. M. J. Conacher. Mr. P. Fraser was promoted to replace Mr. Conacher as Assistant Chief Grain Inspector.

Mr. C. F. Spittle, Licensing Officer of the Board, died on December 6, 1958. He had been a member of the staff since 1913.

At December 31, 1958, the Board's staff totalled 935, the same number as at December 31, 1957. The staff of the Canadian Government Elevators numbered 237, including 12 employees of the new Repair and Reconstruction Unit.

A Chart of the Board's organization at the close of the year follows this report.

Mr. FORBES: Is Walt Fraser working with your department?

Mr. LOPTSON: He is the assistant commissioner for Manitoba.

Mr. HORNER (*Jasper-Edson*): Are these persons covered by the Civil Service Act?

Mr. LOPTSON: Our employees?

Mr. HORNER (*Jasper-Edson*): Yes?

Mr. LOPTSON: Yes.

Mr. RAPP: We have these little figures here. What do they mean? I know in Saskatoon they have only one. It says two on the table here.

Mr. LOPTSON: Is your question that Saskatchewan has two assistant commissioners and that others have only one?

Mr. RAPP: Yes. Manitoba only has one.

Mr. LOPTSON: You mean the figures 2 2 2?

Mr. RAPP: Yes.

Mr. LOPTSON: They each have a stenographer.

Mr. RAPP: That is different. There is no explanation given here. I know they have only one in Saskatoon.

Mr. LOPTSON: I will agree it is not too clear.

The CHAIRMAN: Expenditure and revenue.

Mr. MACLEOD:

EXPENDITURE AND REVENUE

Total expenditure and accrued revenue of the Board, exclusive of the Canadian Government Elevators, for the fiscal year 1957-58 compared with 1956-57 was as follows:

	1957-58	1956-57
Expenditure.....	\$ 4,295,129.93	\$ 4,084,162.70
Revenue.....	2,556,669.93	3,038,945.09

Expenditure for the nine months of the 1958-59 fiscal year to December 31, 1958, totalled \$3,054,553 as against \$2,930,732 for the comparable period during 1957-58. Cash Revenue for the same nine-month period amounted to \$2,062,617 as compared with \$1,946,092 in the previous year.

Mr. NASSERDEN: May I go back to organization and personnel. A while ago it was stated we were able to eliminate some of the staff because of the change in the inspection. What was the increase in the staff, or the alternate increase, which maintains it at the same number?

Mr. LOPTSON: The new inspection started in August last year, so it has not been reflected in this report.

Mr. HORNER (*Acadia*): Under expenditure and revenue, I see here the revenue from Canadian government elevators is excluded. I know the board has a great deal of expense, but what other revenue have you? What is the source of revenue other than the government elevators?

Mr. LOPTSON: Inspection fees, weighing fees, and a slight revenue from the licensing and registration.

Mr. HORNER (*Acadia*): Why has this revenue dropped \$500,000, roughly? Is there any particular reason for that?

Mr. LOPTSON: It is just because we have not had sufficient weighing and inspection fees.

Mr. HORNER (*Acadia*): You charge the elevator companies?

Mr. LOPTSON: Yes. Our inspection is \$2 and the weighing \$1 per car for all grains.

Mr. HORNER (*Acadia*): Will this new inspection of grain cars reduce your revenue or increase it?

Mr. LOPTSON: It should not have any effect on it.

Mr. KORCHINSKI: Who gets the revenue from the overages at the Canadian government elevators?

Mr. LOPTSON: The Canadian wheat board, if there is any.

Mr. HOWE: Who pays the deficit in this?

Mr. LOPTSON: The taxpayers of Canada.

The CHAIRMAN: Now, gentlemen, shall we take the table on page 17, the appendices A to K inclusive and related tables as read?

Agreed.

**BOARD OF GRAIN COMMISSIONERS
FOR CANADA**

Chief Commissioner - R. W. Milner
 Commissioner - S. Lopton
 Commissioner - G. N. McConnell

SPECIAL ASSISTANT
 J. Rayner

ASSISTANT COMMISSIONERS
 Winnipeg: W. S. Frazer 2
 Regina A. G. McLean 2
 Saskatoon J. I. Hetland 2
 Edmonton M. M. MacKinnon 2

SECRETARY
 W. J. MacLeod 8

PERSONNEL OFFICER
 G. E. Rogers 6

INSPECTION
 Chief Inspector
 M. J. Conacher

	Staff
Winnipeg	178
Montreal	26
Ottawa	2
Chatham	9
Toronto	2
Fort William	188
Keewatin	2
Saskatoon	10
Moose Jaw	7
Medicine Hat	3
Lethbridge	2
Calgary	28
Edmonton	34
Vancouver	51
Victoria	3
Prince Rupert	3

GRAIN APPEAL
TRIBUNALS

	Staff
Winnipeg	1
Calgary	1
Edmonton	1

RESEARCH LAB
 Chief Chemist
 Dr. J. A. Anderson

	Staff
Winnipeg	47

LICENSE &
BONDING

	Staff
Winnipeg	6

STATISTICS
 Ch. Statistician
 E. E. Baxter

	Staff
Winnipeg	28

REGISTRATION
 Registrar
 C. J. Brownscombe

	Staff
Winnipeg	11
Montreal	5
Vancouver	3

WEIGHING
 Chief Weighman
 J. J. Manson

	Staff
Winnipeg	16
Montreal	2
Fort William	154
Keewatin	2
Saskatoon	7
Moose Jaw	3
Medicine Hat	2
Lethbridge	1
Calgary	13
Edmonton	4
Vancouver	49
Victoria	2
Prince Rupert	3

GOV'T. ELEVATORS
 General Manager
 A. E. Jacobson

	Staff
Winnipeg	8
Saskatoon	56
Moose Jaw	32
Lethbridge	20
Calgary	33
Edmonton	32
Prince Rupert	56

1. GENERAL SECRETARY A. G. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	2. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	3. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	4. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	5. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	6. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	7. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	8. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	9. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...	10. SECRETARY A. ... B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... K. ... L. ... M. ... N. ... O. ... P. ... Q. ... R. ... S. ... T. ... U. ... V. ... W. ... X. ... Y. ... Z. ...
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Page 17, the

ROYAL CANADIAN MOUNTED POLICE

APPENDIX A

COMMITTEE ON WESTERN GRAIN STANDARDS, AS AT
DECEMBER 31, 1958

- R. W. Milner, Chief Commissioner, Board of Grain Commissioners
 - S. Loptson, Commissioner, Board of Grain Commissioners
 - G. N. McConnell, Commissioner, Board of Grain Commissioners
 - M. J. Conacher, Chief Grain Inspector, Board of Grain Commissioners
 - Dr. J. A. Anderson, Chief Chemist, Grain Research Laboratory
 - D. E. Ross, Chairman, Grain Appeal Tribunal, Winnipeg
 - R. E. Forrester, Chairman, Grain Appeal Tribunal, Calgary
 - A. M. Creighton, Chairman, Grain Appeal Tribunal, Edmonton
 - Dr. D. G. Hamilton, Dominion Cerealist
 - L. A. McCorquodale, representing the millers of wheat flour
 - George Bennett
 - W. H. Fairfield
 - Uri Powell
 - B. S. Plumer
 - J. H. Harrison
 - A.P. Gleave
 - J. Wellbelove
 - L. L. Gray
 - N. W. Strelloff
 - W. J. Parker
 - R. Barrett
 - Ray Mitchell
 - G. Constable, representing grain growers in British Columbia
 - L. Bell, representing Plant Products Division, Department of Agriculture
- } Representing grain growers in Alberta
- } Representing grain growers in Saskat-
chewan
- } Representing grain growers in Manitoba

COMMITTEE ON EASTERN GRAIN STANDARDS, AS AT
DECEMBER 31, 1958

- R. W. Milner, Chief Commissioner, Board of Grain Commissioners
 - S. Loptson, Commissioner, Board of Grain Commissioners
 - G. N. McConnell, Commissioner, Board of Grain Commissioners
 - M. J. Conacher, Chief Grain Inspector, Board of Grain Commissioners
 - W. G. Thomson, representing Montreal Board of Trade
 - E. D. Sullivan, representing Toronto Board of Trade
 - C. Gordon McAuley, representing exporters of grain
 - F. H. Dunsford
 - H. Norman Davis
 - J. R. Heaney
 - A. McLean
 - G. C. Nichols, representing growers of corn
 - E. B. Paterson, Additional
 - A. Bowman, Additional
- } Representing millers of wheat in the
Eastern Division
- } Representing grain growers in Ontario

APPENDIX B

GRAIN APPEAL TRIBUNALS

Winnipeg	Calgary	Edmonton
D. E. Ross (Chairman)	R. E. Forrester (Chairman)	A. M. Creighton (Chairman)
J. E. G. Hasell	G. R. Deeton	H. A. Haggarty
J. F. Lazenby	B. T. Jenkins	D. G. MacKeracher
Wm. E. McLeod	A. E. Jones	C. E. Sage
G. I. Rocan	A. E. Longhurst	J. F. Schofield
E. A. Sangster	W. G. McLeod	T. Sticney
R. C. Sproule	W. M. Pringle	N. Topolnitsky
V. J. Stubbs	J. Tranter	M. G. Wood
G. A. Turner	A. Watson	C. C. Young
N. Kawka (Secretary)		
Toronto	Montreal	
C. H. Coatsworth	P. J. Smith (Chairman)	
J. Elder	P. Blouin	
C. W. Heimbecker	S. Brooks	
J. Jervis	J. A. Byrne	
R. C. Pratt	E. B. Paterson	
E. D. Sullivan	R. Strauss	
A. L. Walker	Mrs. Muriel B. Hunter	
D. C. Kay, Jr. (Secretary)	(Secretary)	

For information on Appeals of Carlot Inspections refer to Appendix E, Table E-7.

APPENDIX C

LICENCE AND BONDING BRANCH

Licences are issued by the Board under the provisions of Section 79 of the Canada Grain Act which section also provides that every applicant for a licence shall furnish security by bond or otherwise for the due performance by the licensee of all obligations imposed upon him by the Act.

The Act provides that no railway company or vessel shall receive any Western grain from any elevator or discharge any such grain into any elevator unless such elevator is licensed.

The Act also provides that, except for contracts for the purchase of grain the consideration payable under which is to be paid in full in cash at the time of the making thereof or contracts for the purchase of grain made on the premises of a recognized grain exchange by or through brokers who are members of such exchange, no person in the Western division may make any contract for the purchase of Western grain by reference to any grade name nor act on behalf of any other person in making such contract on a commission basis, unless he is licensed under the Canada Grain Act as a grain dealer, track buyer or grain commission merchant.

During the crop year 1957-58, 5,523 licences were issued to 106 firms and individuals to handle grain under the Canadian Grain Act, or seventeen less than in the previous crop year. In addition, country elevator licensees were authorized to use 389 off-site grain storage buildings, comprising flour sheds, coal sheds, skating rinks and other buildings.

In July 31, 1958, with 5,460 elevator licences in force and 367 buildings authorized for supplementary storage, the total licensed storage capacity was 622,108,060 bushels in elevators, and 14,551,690 bushels in special storage annexes to country elevators. In addition, 49 Track Buyers', Commission Merchants' and Grain Dealers' licences were also in force. The following table gives a comparative statement of numbers and classes of licences in force and storage capacity:

Kind of Licence	Licences in force July 31		Licensed storage capacity July 31	
	1958	1957	1958	1957
Country Elevators.....	5,348	5,360	369,493,750	360,886,950
Supplementary Annexes to Country Elevators.....	*	*	14,551,690	15,142,090
Terminals and Mill Elevators.....	81	78	158,312,010	158,171,010
Eastern Elevators.....	31	30	94,302,300	94,102,300
Track Buyers, Commission Merchants and Grain Dealers.....	49	50	†	†
Totals.....	5,509	5,518	636,659,750	628,302,350

* 367 buildings at July 31, 1958, and 403 buildings at July 31, 1957.

† These licences do not cover grain storage facilities.

During the crop year, fourteen elevator licences were cancelled, two on account of licensee changing class of operation, five destroyed by fire, two dismantled by licensees, three converted into annexes and two because licensee defaulted. The authorities covering twenty-two supplementary annexes were also cancelled.

Sixty-seven country elevator licences were suspended by the Board for varying periods during rehabilitation and reconstruction of buildings. Fifty-one of these were subsequently reinstated, nine were cancelled and seven were still under suspension at July 31, 1958.

Guarantee bonds in the amount of \$29,674,756.50 executed by fifteen approved surety companies were deposited with the Board as security under Section 79 of the Canada Grain Act to cover operations of licensees during 1957-58. Two licensees deposited negotiable Government bonds with a par value of \$2,000 in lieu of furnishing the usual form of surety bonds.

At December 1, 1958, at which date essentially all licences were issued for the 1958-59 crop year, there were 5,433 elevator licences in force. In addition, 247 buildings other than elevators were authorized for supplementary storage. The total licensed storage capacity as at December 1, 1958, was 626,090,050 bushels in elevators and 12,991,550 bushels in grain storage buildings other than licensed elevators, or a total increase of 6,889,850 bushels since December 1, 1957. The total licensed storage capacity by provinces is: Manitoba, 60.4 million; Saskatchewan, 218.2; Alberta, 143.4; British Columbia, 26.9; Ontario 153.2; and Quebec and the Maritimes, 36.9 million bushels.

STANDING COMMITTEE

TABLE C-1—NUMBER AND KIND OF LICENCES ISSUED AND LICENSED STORAGE CAPACITY, AS AT DECEMBER 1ST EACH YEAR FOR THE PAST FIVE YEARS

Kind of Licence	1958	1957	1956	1955	1954
NUMBER OF LICENCES					
Public Country Elevator.....	5,314	5,343	5,354	5,369	5,352
Private Country Elevator.....	8	10	9	10	10
Mill Elevator.....	35	33	32	33	36
Public Terminal Elevator.....	—	—	5	5	6
Semi-Public Terminal Elevator.....	40	40	34	35	34
Private Terminal Elevator.....	5	5	5	5	7
Eastern Elevator.....	31	30	30	30	29
Track Buyer.....	22	21	21	21	21
Commission Merchant.....	24	23	23	25	25
Grain Dealer.....	5	5	5	7	8
Totals.....	5,484	5,510	5,518	5,540	5,528
LICENSED CAPACITY					
thousands of bushels					
Public Country Elevator.....	373,357	364,661	356,263	343,953	332,454
Grain Storage Buildings.....	12,992	14,953	15,080	8,522	5,369
Private Country Elevator.....	240	369	337	349	349
Mill Elevator.....	13,671	13,513	13,451	13,525	13,429
Public Terminal Elevator.....	—	—	17,100	17,100	18,350
Semi-Public Terminal Elevator.....	137,524	137,524	118,774	116,624	112,873
Private Terminal Elevator.....	7,070	7,070	7,070	7,070	7,295
Eastern Elevator.....	94,227	94,102	94,102	92,182	90,845
Totals.....	639,081	632,192	622,177	599,325	580,964

TABLE C-2.—LICENSED ELEVATORS AND STORAGE AS AT DECEMBER 1, 1958.

Kind of Elevator	Ontario	Mani- toba	Saskat- chewan	Alberta	British Colum- bia	Quebec and Mari- times	Totals
NUMBER OF ELEVATORS							
Public Country.....	2	696	2,910	1,688	18	—	5,314
Private Country.....	—	2	1	5	—	—	8
Mill.....	3	8	6	9	9	—	35
Public Terminal.....	—	—	—	—	—	—	—
Semi-Public Terminal.....	24	2	2	3	9	—	40
Private Terminal.....	2	2	—	1	—	—	5
Eastern.....	19	—	—	—	—	12	31
Totals.....	50	710	2,919	1,706	36	12	5,433
STORAGE CAPACITY							
thousands of bushels							
Public Country.....	65	48,849	195,572	126,839	2,032	—	373,357
†Grain Storage Buildings.....	1,400	140	6,644	4,808	—	—	12,992
Private Country.....	—	45	32	163	—	—	240
Mill.....	1,480	2,255	4,915	4,049	972	—	13,671
Public Terminal.....	—	—	—	—	—	—	—
Semi-Public Terminal.....	90,517	6,000	11,000	6,100	23,907	—	137,524
Private Terminal.....	2,435	3,145	—	1,490	—	—	7,070
Eastern.....	57,286	—	—	—	—	36,941	94,227
Totals.....	153,183	60,434	218,163	143,449	26,911	36,941	639,081

†Off-site storage.

COLLECTION OF ONE PER CENT LEVY

The collection during the crop year 1957-58 of the one per cent levy made by this office under provisions of the Prairie Farm Assistance Act is recorded at \$6,114,474.50, a decrease of \$91,388.04 from collections during the previous crop year.

TABLE C-3.—AMOUNTS COLLECTED AND GRAIN PURCHASED UNDER THE ONE PER CENT LEVY, PRAIRIE FARM ASSISTANCE ACT, CROP YEAR 1957-58

Province	Wheat	Oats	Barley	Rye	Total
	\$	\$	\$	\$	\$
Manitoba.....	541,703.54	89,349.74	165,175.94	8,104.01	804,333.23
Saskatchewan.....	3,139,079.05	108,160.05	427,162.57	32,146.56	3,706,548.23
Alberta.....	1,162,039.31	62,536.21	360,434.28	18,500.16	1,603,509.96
Totals.....	4,842,821.90	260,046.00	952,772.79	58,750.73	6,114,391.42
Amount not allocated to provinces.....					83.08
Total collections Aug. 1, 1957 to July 31, 1958.....					6,114,474.50
GRAIN PURCHASES					
	thousands of bushels				
Manitoba.....	42,285	19,259	19,453	946	81,943
Saskatchewan.....	244,713	24,088	51,576	3,881	324,258
Alberta.....	90,415	14,736	45,578	2,244	152,973
Totals.....	377,413	58,083	116,607	7,071	559,174

APPENDIX D

REGISTRATION BRANCH

C. J. BROWNSCOMBE, Registrar

Section 127 of the Canada Grain Act requires the operators or managers of Public terminal, Semi-Public terminal and Eastern Elevators to issue warehouse receipts for all grain taken into stores Regulations No. 1 and No. 2 made by the Board under the provisions of section 15 (22) of the Canada Grain Act require that all such warehouse receipts be registered with the Board as to grade and quantity at the time of issue, and that these warehouse receipts be surrendered to the Board for registration for cancellation when the grain which they represent has been shipped out.

During the Crop Year 1957-58, registration service was provided for licensees of 40 semi-public terminal elevators and 31 eastern elevators at the offices maintained by the Board at Winnipeg, Montreal and Vancouver.

Table D-1 of this appendix presents the total bushels, by grains, for which warehouse receipts were registered against grain received into store and registered for cancellation against grain shipped, together with the averages of these handlings for the past ten crop years for comparison. Registration service was also provided to licensees for the registration and cancellation of splits, consolidations, grade adjustments and re-issue of warehouse receipts to facilitate documentation in connection with the handling of grain. An increase in this type of work was noted at Vancouver in line with the general increased movement of grain at that point, but at other points it remained at normal levels.

Records were maintained for each licensee in both the Eastern and Western Divisions, by grade, to show the total quantities registered, registered for cancellation or still outstanding each day, while a separate series of records was maintained to provide a complete history of the registration and cancellation particulars for all warehouse receipts issued by these licensees. Certified statements of outstanding warehouse receipt grade totals and of the handlings for the non-mixing grades of wheat and other relevant data, were issued as required for use in connection with the annual weighover of stocks of grain as carried out by Board officials at all terminal and eastern elevators.

Total bushels registered and registered for cancellation for all grains for elevators in the Western Division show increases of 4.6 million and 30.1 million bushels respectively, over those of the previous crop year, and increases of 51.3 million and 63.3 million bushels respectively, over those of the ten-year average. While the total bushels registered against unloads of grain for all elevators in the Eastern Division was slightly less than that of the previous crop year, the quantities registered for cancellation against shipments of grain show an increase of 21.8 million bushels, and increases of 30.8 million and 42.5 million bushels respectively, were recorded in both categories when compared to the ten-year averages.

Fees for registration service were charged at the rate of 4 cents a thousand bushels for registration and for registration for cancellation in the Western Division, and one cent a thousand bushels for similar service in the Eastern Division. The overall increase in volume of handlings for registration for both Eastern and Western Divisions is reflected in the total fees collected for registration service of \$51,749.24 as compared to the ten-year average of \$46,436.49.

TABLE D-1.—WAREHOUSE RECEIPT REGISTRATIONS FOR PRIMARY AND TRANSFER RECEIPTS AND SHIPMENTS AT SEMI-PUBLIC TERMINAL ELEVATORS AND EASTERN ELEVATORS, BY AREA AND GRAIN, CROP YEAR 1957-58 AND 10-YEAR AVERAGE.

Area	Grain	Crop Year 1957-58		10-Year Average, 1947-48 to 1956-57	
		Registered	Registered for Cancellation	Registered	Registered for Cancellation
—thousands of bushels—					
WESTERN DIVISION—					
Winnipeg, including Lakehead and Churchill					
	Wheat.....	193,677	196,590	200,937	196,434
	Oats.....	54,435	56,518	67,948	69,769
	Barley.....	72,724	72,603	70,561	69,516
	Flax.....	10,103	10,169	9,318	9,060
	Rye.....	5,302	4,989	11,098	10,976
	Mixed Grain.....	344	227	888	564
	Corn.....	—	—	30	40
	Other Grains.....	179	206	119	127
INTERIOR ELEVATORS—					
Calgary, Edmonton, Lethbridge, Moose Jaw and Saskatoon					
	Wheat.....	1,422	2,646	5,500	4,313
	Oats.....	688	700	423	457
	Barley.....	2,250	1,984	1,595	1,596
	Flax.....	98	102	257	258
	Rye.....	5	30	42	39
	Mixed Grain.....	3	27	2	25
	Corn.....	2	9	16	13
	Other Grains.....	3,690	3,117	665	570
VANCOUVER AND PRINCE RUPERT AREA—					
	Wheat.....	130,573	130,819	85,825	84,759
	Oats.....	1,984	3,204	2,131	3,129
	Barley.....	30,339	30,538	11,605	11,527
	Flax.....	6,151	5,926	561	533
	Rye.....	1,430	1,359	69	66
	Mixed Grain.....	16	7	42	52
	Corn.....	—	—	284	283
	Other Grains.....	6,159	6,050	425	423
WESTERN DIVISION—					
All Points—					
	Wheat.....	325,672	330,055	292,262	285,506
	Oats.....	57,107	60,422	70,502	73,355
	Barley.....	105,313	105,125	83,761	82,639
	Flax.....	16,352	16,197	10,136	9,851
	Rye.....	6,737	6,378	11,209	11,081
	Mixed Grain.....	363	261	932	641
	Corn.....	2	9	330	336
	Other Grains.....	10,028	9,373	1,209	1,120
Totals—All Grains.....		521,574	527,820	470,341	464,529
EASTERN DIVISION—					
	Wheat.....	303,144	308,057	292,691	287,297
	Oats.....	47,127	46,986	42,576	42,465
	Barley.....	80,986	81,283	74,442	74,045
	Flax.....	31,718	31,753	15,222	15,168
	Rye.....	2,810	2,920	8,629	8,604
	Mixed Grain.....	551	603	527	507
	Corn.....	8,836	9,419	16,638	16,747
	Screenings.....	2,218	2,289	1,213	1,214
	Peas.....	299	299	69	70
	Soybeans.....	6,542	6,304	2,446	2,438
	Buckwheat.....	449	552	306	296
	Other Grains.....	1,099	1,099	269	267
Totals—All Grains.....		485,779	491,564	455,028	449,118

APPENDIX E

INSPECTION BRANCH

M. J. CONACHER, CHIEF GRAIN INSPECTOR

Under Section 32 of the Canada Grain Act, the Grain Inspection Branch in the Western Division procures samples and establishes grades on all carlots of grain enroute from country points to terminal and mill elevators, at the primary inspection points of Winnipeg, Calgary and Edmonton. Final grades of carlots of grain unloaded into terminal and mill elevators are established on samples drawn during unloading by officials of the inspection branch at the Lakehead, Pacific Coast, Churchill, and at the interior points Winnipeg, Calgary, Edmonton, Moose Jaw, Saskatoon, Lethbridge and Medicine Hat. Also, all grain shipped from terminal and mill elevators is officially sampled and inspected.

In the Eastern Division, sampling and grading service is provided on request at Chatham and Toronto for Eastern grown grain. At Montreal, Quebec, Sorel, Three Rivers, St. John and Halifax, grain loaded into vessels for export is sampled and the grades are checked.

Grades of all grain in store in all terminal and eastern elevators weighed over during the crop year are verified by officials of the Inspection Branch.

There were four main factors that affected the grades of grain produced in Western Canada in 1957. These were drought that occurred in southern areas, early fall frost that occurred over large areas, hail that occurred in scattered patterns, and unfavourable weather conditions at harvest time in some areas.

The crop of Red Spring Wheat included a low proportion of Manitoba No. 1 Northern (only 0.3% of total inspections). 21.8% of shipments graded Manitoba No. 2 Northern. The grade of Manitoba No. 3 Northern predominated over a large area (34.2% of total inspections), and many districts produced Manitoba No. 4 Northern and No. 5 Wheat as a result of damage from frost and weathering at harvest time. There was a significant increase in the variety Selkirk of Red Spring Wheat; very little of this variety graded higher than Manitoba No. 3 Northern because generally it did not mature well.

Amber Durum Wheat followed a pattern of grades somewhat similar to that of Red Spring Wheat. Only 0.2% of shipments were graded No. 1 Canada Western Amber Durum; 18.2% graded No. 2 Canada Western Amber Durum. The predominating grade of shipments was No. 3 Canada Western Amber Durum (27.0%), closely followed by the grade of No. 4 Canada Western Amber Durum (26.3%), and Extra No. 4 Canada Western Amber Durum (22.9%).

Of barley shipped from Western Canada during the crop year 33.1% was graded No. 1 Feed, mainly on account of shrunken kernels caused by drought, early fall frosts, and unfavourable harvest weather. The unfavourable weather at harvest time caused loosening of hulls of barley so that considerable peeling occurred in handling, thus reducing the grade of much barley that otherwise would have been eligible for higher grades.

The 1957 crop of rye showed a decline in the content of ergot; only 3.8% of shipments were graded Ergoty Rye, as compared to 10.1% in the crop year 1956-57, and 5.9% in the crop year 1955-56.

Inspection of oats included 58.0% of No. 1 Feed, compared to 48.1% in the previous year. Only 12.2% of oats shipped were graded No. 2, No. 3 and Extra No. 3 Canada Western, compared to 26.4% in the 1956-57 crop year. The main damage to oats was caused by frost and weathering at harvest time.

Rapeseed and Mustard Seed, which are comparatively new oil bearing seeds produced in Western Canada, were generally of high quality. 3,796 carlots of rapeseed inspected constituted a record high quantity of this seed. Mustard

Seed shipments declined to 370 cars, from 580 cars in the previous crop year.

Safflower Seed was produced in Western Canada in substantial quantities for the first time; 59 carlots were inspected during the crop year.

Inspection of flaxseed showed a decline to 3.5% from 5.4% of totals for the crop year 1956-57, but remained well above the ten-year average of 2.3% of total carlots inspected.

20,427 samples submitted by country elevator operators and farmers "subject to grade and dockage" were graded during the crop year 1957-58.

The early crops in Eastern Canada in 1957 suffered from damage due to heavy rains at harvest time. A higher proportion than usual of winter wheat was graded as low as No. 3 Canada Eastern Winter. The disease known as "scab" was a more conspicuous degrading factor than for several years.

Only about 50% of the barley crop was of high enough quality to be admitted into the top grades normally accepted by maltsters.

An unusually wet growing season caused losses, both in yield and in quality, to much of the 1957 crop of corn in Southwestern Ontario. Wet weather in the fall retarded ripening and natural drying of corn; more corn than usual was dried artificially.

The 1957 crop of soybeans in Ontario withstood the wet growing season best. The bulk of the crop was graded No. 1 Canada Soybeans, but some lots had high moisture content when delivered by the growers and there was some loss of grade from heating during storage through the winter.

As the harvesting of pea beans got underway in early September, 1957, the quality, condition and colour of this crop was excellent. However, when only about 15% of the pea beans had been harvested, wet weather intervened and the balance of the crop suffered considerable damage from weathering and resultant discolouration.

WESTERN DIVISION

TABLE E-1.—PRIMARY CARLOT INSPECTIONS BY GRAINS, CROP YEAR 1957-58, COMPARED WITH 1956-57 AND 10-YEAR AVERAGE 1947-48 TO 1956-57

	10-Year Average	1957-58		1956-57	10-Year Average	1957-58		1956-57
		Carlots				Percent of total		
Wheat.....	195,904	200,030	198,796	67.3	67.3	66.5		
Oats.....	32,962	21,704	20,868	11.3	7.3	7.0		
Barley.....	47,680	55,895	55,168	16.4	18.9	18.5		
Rye.....	6,307	3,655	3,339	2.2	1.2	1.1		
Flaxseed.....	6,790	10,579	16,257	2.3	3.5	5.4		
Mixed Grain.....	520	145	241	0.2	0.1	0.1		
Corn.....	166	133	182	0.1	0.1	0.1		
Buckwheat.....	75	72	122	*	*	*		
Screenings.....	403	443	471	0.1	0.1	0.2		
Rapeseed.....	335	3,796	2,375	0.1	1.3	0.8		
Sunflower Seeds.....	—	2	—	—	*	—		
Peas.....	92	251	234	*	0.1	0.1		
Mustard Seed.....	60	370	580	*	0.1	0.2		
Sample Grain.....	—	—	2	—	—	*		
Safflower Seed.....	—	59	—	—	*	—		
Sorghum.....	—	3	—	—	*	—		
Totals.....	291,294	297,137	298,635	100.0	100.0	100.0		

* Less than 0.05%.

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TABLE E-2.—PRIMARY CARLOT INSPECTIONS BY POINTS, CROP YEAR 1957-58, COMPARED WITH 1956-57 AND 10-YEAR AVERAGE 1947-48 TO 1956-57

	10-Year Average	1957-58	1956-57	10-Year Average	1957-58	1956-57
		Carlots		Percent of total		
Winnipeg.....	200,738	168,613	188,149	68.9	56.7	63.1
Calgary.....	37,472	57,542	46,993	12.9	19.4	15.7
Edmonton.....	31,092	46,080	39,526	10.6	15.5	13.2
Moose Jaw.....	4,703	3,897	4,454	1.6	1.3	1.5
Saskatoon.....	7,023	8,071	7,304	2.4	2.7	2.4
Lethbridge.....	180	385	628	0.1	0.1	0.2
Medicine Hat.....	2,862	1,958	1,796	1.0	0.7	0.6
Vancouver.....	1,798	649	585	0.6	0.2	0.2
Churchill.....	5,426	9,942	9,200	1.9	3.4	3.1
Totals.....	291,294	297,137	298,635	100.0	100.0	100.0

TABLE E-3.—PRIMARY CARLOT INSPECTIONS, CROP YEAR 1957-58, BY GRAIN AND GRADES

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT			
1 Manitoba Northern.....	659	0.3	—
2 Manitoba Northern.....	40,897	21.8	—
3 Manitoba Northern.....	64,710	34.2	—
4 Manitoba Northern.....	43,916	23.4	—
No. 4 Special.....	30	*	—
No. 5.....	22,310	11.9	—
No. 5 Special.....	8	*	—
No. 6.....	6,688	3.6	—
Feed.....	193	0.1	—
Sample.....	193	0.1	—
Smutty.....	133	0.1	—
Rejected.....	3,477	1.8	—
Tough.....	4,977	2.6	—
Damp.....	184	0.1	—
Condemned.....	4	*	—
Broken Red Spring.....	3	*	—
Total Red Spring Wheat.....	187,842	100.0	93.9
2 Canada Western Garnet.....	—	—	—
3 Canada Western Garnet.....	8	34.8	—
4 Canada Western Garnet.....	5	21.7	—
Smutty Canada Western Garnet.....	—	—	—
Rejected Canada Western Garnet.....	3	13.1	—
Tough Canada Western Garnet.....	7	30.4	—
Total Garnet Wheat.....	23	100.0	*
1 Canada Western Amber Durum.....	27	0.2	—
2 Canada Western Amber Durum.....	2,118	18.2	—
3 Canada Western Amber Durum.....	3,135	27.0	—
Extra 4 Canada Western Amber Durum.....	2,659	22.9	—
4 Canada Western Amber Durum.....	3,059	26.3	—
5 Canada Western Amber Durum.....	332	2.9	—
6 Canada Western Amber Durum.....	19	0.2	—
Smutty Canada Western Amber Durum.....	9	0.1	—
Rejected Canada Western Amber Durum.....	174	1.5	—
Tough Canada Western Amber Durum.....	29	0.2	—
Damp Canada Western Amber Durum.....	—	—	—
Sample Canada Western Amber Durum.....	55	0.5	—
Total Amber Durum Wheat.....	11,616	100.0	5.8

TABLE E-3.—PRIMARY CARLOT INSPECTIONS, CROP YEAR 1957-58, BY GRAIN AND GRADES—Continued

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT—concluded			
1 Canada Western Soft White Spring.....	5	2.3	—
2 Canada Western Soft White Spring.....	157	74.8	—
3 Canada Western Soft White Spring.....	37	17.7	—
4 Canada Western Soft White Spring.....	3	1.4	—
Tough Canada Western Soft White Spring.....	5	2.3	—
Rejected Canada Western Soft White Spring.....	1	0.5	—
Sample Canada Western Soft White Spring.....	2	1.0	—
Total Soft White Spring Wheat.....	210	100.0	0.1
1 Canada Western Mixed Wheat.....	5	4.1	—
2 Canada Western Mixed Wheat.....	2	1.6	—
3 Canada Western Mixed Wheat.....	60	48.8	—
4 Canada Western Mixed Wheat.....	27	21.9	—
5 Canada Western Mixed Wheat.....	16	13.0	—
6 Canada Western Mixed Wheat.....	6	4.9	—
Smutty Canada Western Mixed Wheat.....	1	0.8	—
Rejected Canada Western Mixed Wheat.....	4	3.3	—
Tough Canada Western Mixed Wheat.....	2	1.6	—
Total Mixed Wheat.....	123	100.0	0.1
1 Alberta Red Winter.....	43	19.9	—
2 Alberta Winter.....	127	58.8	—
3 Alberta Winter.....	17	7.9	—
4 Alberta Winter.....	3	1.4	—
Smutty Alberta Winter.....	24	11.1	—
Rejected Alberta Winter.....	2	0.9	—
Total Alberta Winter Wheat.....	216	100.0	0.1
Total All Wheats.....	200,030	—	100.0

Grade	Carlots	Percentage
OATS		
2 Canada Western.....	41	0.2
Extra 3 Canada Western.....	148	0.7
3 Canada Western.....	2,446	11.3
Extra 1 Feed.....	5,541	25.6
1 Feed.....	12,593	58.0
2 Feed.....	437	2.0
3 Feed.....	101	0.4
Mixed Feed Oats.....	4	*
Rejected Oats.....	84	0.4
Sample Oats.....	65	0.3
Tough Oats.....	237	1.1
Damp Oats.....	1	*
Mixed Feed Oats Groats.....	4	*
Condemned Oats.....	2	*
Total Oats.....	21,704	100.0

TABLE E-3.—PRIMARY CARLOT INSPECTIONS, CROP YEAR 1957-58, BY GRAIN AND GRADES—
Continued

Grade	Carlots	Percentage
BARLEY		
1 Canada Western Six Row.....	14	*
2 Canada Western Six Row.....	2,421	4.3
3 Canada Western Six Row.....	14,607	26.1
4 Canada Western Six Row.....	2,496	4.5
1 Canada Western Two Row.....	4	*
2 Canada Western Two Row.....	187	0.4
3 Canada Western Two Row.....	4,624	8.3
1 Feed.....	18,485	33.1
Extra Two Feed.....	—	—
2 Feed.....	9,338	16.7
3 Feed.....	797	1.4
Rejected.....	572	1.0
Sample.....	60	0.1
Tough.....	2,239	4.0
Damp.....	49	0.1
Condemned Barley.....	2	*
Total Barley.....	55,895	100.0
RYE		
1 Canada Western.....	41	1.1
2 Canada Western.....	1,415	38.7
3 Canada Western.....	1,657	45.4
4 Canada Western.....	264	7.2
Ergoty.....	139	3.8
Rejected.....	18	0.5
Sample.....	5	0.2
Tough.....	114	3.1
Damp.....	1	*
Ergot and Other Grains.....	1	*
Total Rye.....	3,655	100.0
FLAXSEED		
1 Canada Western.....	6,074	57.4
2 Canada Western.....	3,888	36.8
3 Canada Western.....	361	3.4
4 Canada Western.....	32	0.3
Rejected.....	55	0.5
Sample.....	73	0.7
Tough.....	94	0.9
Damp.....	2	*
Total Flaxseed.....	10,579	100.0
MIXED GRAIN		
1 Canada Western.....	22	15.2
2 Canada Western.....	16	11.0
3 Canada Western.....	50	34.5
4 Canada Western.....	4	2.8
Rejected.....	14	9.7
Sample.....	27	18.6
Tough.....	11	7.5
Damp.....	1	0.7
Total Mixed Grain.....	145	100.0

TABLE E-3.—PRIMARY CARLOT INSPECTIONS, CROP YEAR 1957-58, BY GRAIN AND GRADES—Continued

Grade	Carlots	Percentage
CORN		
1 Canada Western Yellow.....	1	0.7
2 Canada Western Yellow.....	13	9.8
3 Canada Western Yellow.....	23	17.3
4 Canada Western Yellow.....	19	14.3
5 Canada Western Yellow.....	7	5.2
Tough.....	2	1.5
Sample.....	1	0.8
U.S.A. Origin.....	67	50.4
Total Corn.....	133	100.0
MUSTARD SEED		
1 Canada Western Yellow.....	4	1.1
2 Canada Western Yellow.....	5	1.1
3 Canada Western Yellow.....	1	0.3
1 Canada Western Oriental.....	216	58.4
1 Canada Western Brown.....	22	5.9
Sample Canada Western Yellow.....	1	0.2
Others.....	122	33.0
Total Mustard Seed.....	370	100.0
RAPESEED		
Canada.....	3,298	86.9
2 Canada.....	148	3.5
3 Canada.....	17	0.3
Sample Canada.....	12	0.0
Tough.....	305	8.4
Damp.....	16	0.
Total Rapeseed.....	3,796	100.0
SCREENINGS		
1 Feed.....	8	1.9
Uncleaned.....	255	57.6
Refuse.....	124	27.9
Sample.....	56	12.6
Total Screenings.....	443	100.0
Sunflower Seeds.....	2	—
Buckwheat.....	72	—
Peas.....	251	—
Safflower Seed.....	59	—
Sorghum.....	3	—
Grand Total.....	297,137	—

*Less than 0.05%

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TABLE E-4.—CARLOTS OF TOUGH, DAMP AND STRAIGHT GRAIN INSPECTED AT PRIMARY INSPECTION POINTS, CROP YEAR 1957-58

Grain	Tough	Damp	Tough and Damp	Straight	Total
Wheat.....	5,020	184	5,204	194,826	200,030
Oats.....	237	1	238	21,466	21,704
Barley.....	2,239	49	2,288	53,607	55,895
Rye.....	114	1	115	3,540	3,655
Flaxseed.....	94	2	96	10,483	10,579
Others.....	318	17	335	4,939	5,274
All Grains.....	8,022	254	8,276	288,861	297,137

PERCENTAGE OF TOTAL					
	%	%	%	%	%
Wheat.....	2.5	0.1	2.6	97.4	100.0
Oats.....	1.1	*	1.1	98.9	100.0
Barley.....	4.0	0.1	4.1	95.9	100.0
Rye.....	3.1	*	3.1	96.9	100.0
Flaxseed.....	0.9	*	0.9	99.1	100.0
Others.....	6.0	0.4	6.4	93.6	100.0
All Grains.....	2.7	0.1	2.8	97.2	100.0

*Less than 0.05%.

TABLE E-5.—NUMBER OF TWO POUND SAMPLES "SUBJECT TO GRADE AND DOCKAGE" INSPECTED CROP YEAR 1957-58 COMPARED WITH THE CROP YEAR 1956-57

Point	1957-58	1956-57
	Number of Samples	
Winnipeg.....	15,036	23,183
Calgary.....	1,754	2,148
Edmonton.....	1,633	1,913
Moose Jaw.....	386	228
Saskatoon.....	1,047	1,184
Lethbridge.....	550	1,647
Medicine Hat.....	21	60
Totals.....	20,427	30,363

TABLE E-6.—CARLOTS RE-INSPECTED, CROP YEAR 1957-58

Point	In-spected	Re-in-spected	Un-changed	Grades Raised	Grades Lowered	Dockage Raised	Dockage Lowered
	Number of Carlots						
Winnipeg.....	168,613	8,917	3,691	2,398	108	197	2,523
Calgary.....	57,542	5,310	2,051	1,722	83	266	1,188
Edmonton.....	46,080	6,538	2,428	1,395	71	296	2,348
Saskatoon.....	8,071	157	132	25	—	—	—
Moose Jaw.....	3,897	228	202	22	4	—	—
Medicine Hat.....	1,958	86	42	27	17	—	—
Lethbridge.....	385	396	395	1	—	—	—
Vancouver.....	649	23	15	8	—	—	—
Churchill.....	9,942	—	—	—	—	—	—
Totals.....	297,137	21,655	8,956	5,598	283	759	6,059

TABLE E-6.—CARLOTS RE-INSPECTED, CROP YEAR 1957-58—Concluded

Point	In-spected	Re-in-spected	Un-changed	Grades Raised	Grades Lowered	Dockage Raised	Dockage Lowered
Percentage of Re-inspections							
	%	%	%	%	%	%	%
Winnipeg.....	—	100	41.4	26.9	1.2	2.2	28.3
Calgary.....	—	100	38.6	32.4	1.6	5.0	22.4
Edmonton.....	—	100	37.1	21.4	1.1	4.5	35.9
Saskatoon.....	—	100	84.1	15.9	—	—	—
Moose Jaw.....	—	100	88.6	9.6	1.8	—	—
Medicine Hat.....	—	100	48.8	31.4	19.8	—	—
Lethbridge.....	—	100	99.7	0.3	—	—	—
Vancouver.....	—	100	65.2	34.8	—	—	—
Churchill.....	—	100	—	—	—	—	—
Totals.....	—	100	41.4	25.8	1.3	3.5	28.0
Percentage of Total Inspections							
	%	%	%	%	%	%	%
Winnipeg.....	100	5.3	2.2	1.4	0.1	0.1	1.5
Calgary.....	100	9.3	3.6	3.0	0.1	0.5	2.1
Edmonton.....	100	14.2	5.3	3.0	0.2	0.6	5.1
Saskatoon.....	100	1.9	1.6	0.3	—	—	—
Moose Jaw.....	100	5.9	5.2	0.6	0.1	—	—
Medicine Hat.....	100	4.4	2.1	1.4	0.9	—	—
Lethbridge.....	100	2.9	2.6	0.3	—	—	—
Vancouver.....	100	3.5	2.3	1.2	—	—	—
Churchill.....	100	—	—	—	—	—	—
Totals.....	100	7.3	3.0	1.9	0.1	0.3	2.0

TABLE E-7.—SUMMARY OF CARLOT INSPECTIONS APPEALED, CROP YEAR 1957-58

Item	Winnipeg		Edmonton		Calgary		Total	
	Cars	Percent	Cars	Percent	Cars	Percent	Cars	Percent
Left as graded.....	501	94.9	455	85.7	643	90.3	1,599	90.3
Grades Raised.....	26	4.9	73	13.7	59	8.3	158	8.9
Grades Lowered.....	1	0.2	3	0.6	10	1.4	14	0.8
Totals.....	528	100.0	531	100.0	712	100.0	1,771	100.0
Total Cars Inspected.....							297,137	100.00
Total Appeals.....							1,771	0.59
Total Grades Changed.....							172	.05

TABLE E-8.—VESSEL SHIPMENTS INSPECTED, CROP YEAR 1957-58

Grain	Fort William and Port Arthur	Vancouver	Victoria	Prince Rupert	Churchill	Total
	bu.	bu.	bu.	bu.	bu.	bu.
Wheat.....	177,063,935	129,887,849	2,170,410	—	18,290,685	327,412,879
Oats.....	52,184,398	2,256,692	—	—	57,750	54,497,840
Barley.....	74,464,388	19,702,692	—	10,562,860	—	104,729,940
Rye.....	4,602,519	1,358,838	—	—	—	5,961,357
Flaxseed.....	8,160,125	5,294,015	708,811	—	—	14,162,951
Buckwheat.....	91,730	—	—	—	—	91,730
*Sample Grain.....	293,627	—	—	—	—	293,627
*Screenings.....	3,167,895	140,582	—	—	137,000	3,445,477
*Canada Rapeseed.....	—	4,381,254	913,472	—	—	5,294,726
*Mustard Seed.....	—	705,859	—	—	—	705,859
*U.S.A. Mustard Seed...	—	—	—	—	—	—
Mixed Grain.....	23,874	—	—	—	—	23,874
**Safflower Seed.....	—	111,733	—	—	—	111,733
Totals.....	320,052,491	163,839,514	3,792,693	10,562,860	18,484,435	516,731,993

*In bushels of 50 pounds.

**In bushels of 45 pounds.

TABLE E-9.—CARLOT SHIPMENTS EX TERMINAL ELEVATORS INSPECTED, CROP YEAR 1957-58

Grain	Winnipeg	Fort William and Port Arthur				Moose Jaw
		Calgary	Edmonton			
Number of Carlots						
Wheat.....	693	1,021	526	261	673	
Oats.....	361	2,261	22	172	154	
Barley.....	308	1,136	990	44	16	
Flaxseed.....	25	1,111	3	35	15	
Rye.....	4	77	10	1	1	
Mixed Grain.....	91	—	3	1	5	
Corn.....	1	—	—	—	—	
Buckwheat.....	1	29	—	—	—	
Peas.....	60	—	—	—	—	
Rapeseed.....	88	27	137	522	—	
Screenings.....	351	3,790	203	28	77	
Sample Grain.....	—	61	—	—	—	
Totals.....	1,983	9,513	1,894	1,064	941	

Grain	Saskatoon	Lethbridge	Medicine Hat	Vancouver, Victoria and Prince Rupert		Churchill
Wheat.....	774	70	2	598	—	—
Oats.....	95	4	3	292	—	—
Barley.....	8	1	—	154	—	—
Flaxseed.....	—	—	92	1	—	—
Rye.....	48	—	—	2	—	—
Mixed Grain.....	—	—	—	—	—	—
Corn.....	—	—	—	—	—	—
Buckwheat.....	—	—	—	—	—	—
Peas.....	—	—	—	—	—	—
Rapeseed.....	912	—	—	—	—	—
Mustard Seed.....	—	—	—	—	—	—
Screenings.....	672	5	1	1,789	—	48
Safflower Seed.....	—	—	—	1	—	—
Totals.....	2,509	80	98	2,837	—	48

EASTERN DIVISION

TABLE E-10.—CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1957-58, BY GRAINS AND POINTS

Grain	Montreal	Toronto	Chatham	Total
	Carlots			
Wheat.....	107	454	2,302	2,863
Oats.....	—	10	19	29
Barley.....	1	4	204	209
Rye.....	—	—	43	43
Buckwheat.....	—	—	7	7
Corn.....	—	6	1,981	1,987
Beans.....	—	—	211	211
Soybeans.....	3	272	1,563	1,838
Totals.....	111	746	6,330	7,187

TABLE E-11.—CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1957-58, BY GRAINS, GRADES AND POINTS

Grade	Montreal	Toronto	Chatham	Total
	Carlots			
WHEAT				
1 Canada Eastern White Winter.....	—	23	410	433
2 Canada Eastern White Winter.....	107	291	936	1,334
3 Canada Eastern White Winter.....	—	26	119	145
4 Canada Eastern White Winter.....	—	1	3	4
5 Canada Eastern White Winter.....	—	—	1	1
1 Canada Eastern Mixed Winter.....	—	—	59	59
2 Canada Eastern Mixed Winter.....	—	1	73	74
3 Canada Eastern Mixed Winter.....	—	—	3	3
Tough.....	—	89	595	684
Smutty.....	—	4	12	16
Infested.....	—	13	70	83
Damp.....	—	1	—	1
Sample.....	—	5	14	19
Condemned.....	—	—	7	7
Totals, Wheat.....	107	454	2,302	2,863
OATS				
3 Canada Eastern.....	—	—	9	9
4 Canada Eastern.....	—	—	2	2
5 Canada Eastern.....	—	—	4	4
Mixed Feed.....	—	10	—	10
Tough.....	—	—	2	2
Sample.....	—	—	2	2
Totals, Oats.....	—	10	19	29
BARLEY				
3 Canada Eastern Six Row.....	—	2	116	118
4 Canada Eastern.....	1	—	54	55
5 Canada Eastern.....	—	1	4	5
Tough.....	—	—	25	25
Damp.....	—	—	1	1
Infested.....	—	—	2	2
Sample.....	—	—	2	2
Condemned.....	—	1	—	1
Totals, Barley.....	1	4	204	209
RYE				
2 Canada Eastern.....	—	—	10	10
3 Canada Eastern.....	—	—	11	11
4 Canada Eastern.....	—	—	1	1
Tough.....	—	—	18	18
Damp.....	—	—	1	1
Ergoty.....	—	—	1	1
Sample.....	—	—	1	1
Totals, Rye.....	—	—	43	43
BUCKWHEAT				
Tough.....	—	—	7	7
Totals, Buckwheat.....	—	—	7	7
CORN				
Extra Dry 1 Canada Eastern Yellow.....	—	1	327	328
1 Canada Eastern Yellow.....	—	—	491	491
Extra Dry 2 Canada Eastern Yellow.....	—	—	121	121
2 Canada Eastern Yellow.....	—	—	242	242
Extra Dry 3 Canada Eastern Yellow.....	—	2	20	22
3 Canada Eastern Yellow.....	—	—	67	67
Extra Dry 4 Canada Eastern Yellow.....	—	2	5	7
4 Canada Eastern Yellow.....	—	—	7	7
Extra Dry 5 Canada Eastern.....	—	—	4	4
5 Canada Eastern Yellow.....	—	1	2	3
Tough.....	—	—	204	204
Damp.....	—	—	202	202
Moist.....	—	—	180	180
Wet.....	—	—	106	106
Infested.....	—	—	1	1
Sample.....	—	—	2	2
Totals, Corn.....	—	6	1,981	1,987

STANDING COMMITTEE

TABLE E-11.—CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1957-58, BY GRAINS, GRADES AND POINTS—Concluded

Grade	Montreal	Toronto	Chatham	Total
BEANS				
1 Canada Eastern Pea.....	—	—	55	55
2 Canada Eastern Pea.....	—	—	96	96
3 Canada Eastern Pea.....	—	—	39	39
Tough.....	—	—	21	21
Totals, Beans.....	—	—	211	211
SOYBEANS				
1 Canada Yellow.....	—	127	835	962
2 Canada Yellow.....	3	105	258	366
3 Canada Yellow.....	—	11	3	3
Tough.....	—	25	237	262
Damp.....	—	4	86	90
Moist.....	—	—	21	21
Sample.....	—	—	1	1
Totals, Soybeans.....	3	272	1,563	1,838
Totals, All Grains.....	111	746	6,330	7,187

TABLE E-12.—CARGO INSPECTIONS EASTERN GRAIN, CROP YEAR 1957-58

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Wheat.....	18,643	747,330	259,226	1,572,985	2,598,184
Corn.....	—	—	—	1,291,753	1,291,753
Soybeans.....	28,560	56,000	346,848	2,504,221	2,935,629
Totals.....	47,203	803,330	606,074	5,368,959	6,825,566

TABLE E-12A.—CARGO INSPECTIONS, WESTERN GRAIN, CROP YEAR 1957-58

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Buckwheat.....	26,981	—	—	—	26,981
Flaxseed.....	2,162,507	491,047	—	—	2,653,554
Peas.....	1,000	—	—	—	1,000
Totals.....	2,190,488	491,047	—	—	2,681,535

TABLE E-13.—INSPECTIONS, EASTERN GRAIN IN BINS OR WAREHOUSES, CROP YEAR 1957-58

Grain	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.
Wheat.....	3,000	—	—	3,000
Oats.....	739,051	—	1,200	740,251
Rye.....	—	—	200	200
Buckwheat.....	—	—	1,800	1,800
Corn.....	—	—	292	292
Beans.....	—	—	126,178	126,178
Totals.....	742,051	—	129,670	871,721

TABLE E-14.—INWARD AND EXPORT CARGOES SAMPLED AND GRADE CHECKED, CROP YEAR 1957-58

	Montreal	Sorel	Three Rivers	Quebec	Halifax and St. John	Total
EASTERN GRAIN	bu.	bu.	bu.	bu.	bu.	bu.
Inward.....	4,065,642	—	—	—	—	4,065,642
Export.....	4,016,712	—	—	—	394,412	4,411,124
WESTERN GRAIN						
Inward.....	70,720,915	114,526	—	—	—	70,835,441
Export.....	76,695,318	15,702,309	12,916,280	11,272,903	28,452,210	145,039,020
U.S. GRAIN						
Inward.....	6,521,105	—	—	—	—	6,521,105
Export.....	5,878,753	—	—	—	—	5,878,753
Totals.....	167,898,445	15,816,835	12,916,280	11,272,903	28,846,622	236,751,085

TABLE E-15.—GRAIN SAMPLED BUT NOT INSPECTED, CROP YEAR 1957-58

	Montreal	Toronto and Chatham	Sorel, Three Rivers and Quebec	Halifax and St. John	Total
EASTERN GRAIN					
Carlots.....	12	32	—	—	44
Inward Cargoes (bu.).....	300,083	89,667	—	—	389,750
Outward Cargoes (bu.).....	363,498	—	—	—	363,498
Bin Lots (bu.).....	116,447	11,000	—	—	127,447
WESTERN GRAIN					
Carlots.....	11	17	—	—	28
Inward Cargoes (bu.).....	129,665	—	97,301	—	226,966
Outward Cargoes (bu.).....	4,937,063	—	2,464,508	791,146	8,192,717
Bin Lots (bu.).....	565,682	—	1,958	2,955	570,595
U.S.A. GRAIN					
Carlots.....	88	—	—	—	88
Inward Cargoes (bu.).....	1,275,304	—	—	—	1,275,304
Outward Cargoes (bu.).....	124,860	—	—	—	124,860
Bin Lots (bu.).....	115,029	—	—	—	115,029
Totals—Cars.....	111	49	—	—	160
—Bushels.....	7,927,631	100,667	2,563,767	794,101	11,386,166

APPENDIX F

GRAIN WEIGHING BRANCH

J. J. MANSON, Chief Grain Weighman

Under the provisions of Sections 33 and 124 of the Canada Grain Act, all grain received into or shipped from licensed terminal elevators is weighed under the supervision of the Board's weighing staffs. Weighing services are also provided at licensed mill elevators.

During the Crop Year 1957-58 weighing services were provided at forty-five semi-public and private terminal elevators and when required, at twenty-nine mill elevators in the Western Division.

All scales and the equipment for transferring grain to scales on receipt and from scales for shipment in all licensed terminal elevators and serviced mill elevators were regularly inspected during the crop year under provision of Section 92 of the Act.

In accordance with the special arrangement with the Standards Branch of the Department of Trade and Commerce, all scales in licensed terminal and eastern elevators were inspected, verified and stamped by the Board's Scale

Inspector acting as an inspector under the Weights and Measures Act. A semi-annual inspection was also made of all scales at terminal elevators to ascertain if scales were maintaining their accuracy. Special inspections were made when any doubt arose as to the accuracy of any particular scale.

Attention has been given to alterations in elevators and dust control installations to ensure that such changes and installations do not affect the accuracy of the weighing of grain received at or shipped from these elevators.

During the crop year under review, 299,976 car lots of grain were weighed on receipt at terminal and mill elevators in the Western Division and of these car lots, 52,785 or 17.6% were reported leaking and 5,787 or 1.9% were without seals or had defective seals. There was also a total of 21,806 cars weighed out of terminals.

This Branch maintained a close checking of reported outturns at eastern elevators of cargoes loaded at Lakehead terminals, and investigations were made in cases of reported excessive shortages with a view to assessing the liability in cases where such could be established.

Under provisions of Sections 139 and 140 of the Canada Grain Act, weighovers were conducted at twenty-four terminal elevators and twenty-one eastern elevators. Results of weighovers were submitted to the Board for comparison with outstanding warehouse receipts and preparation of official statements. The Board found it necessary to defer several terminal and eastern elevator audits due to heavy grain stocks in store.

The following tables summarize the grain weighed and other information relating to the work of this Branch.

TABLE F-1.—GROSS QUANTITIES OF ALL GRAINS WEIGHED AT TERMINAL ELEVATORS IN THE WESTERN DIVISION DURING 1957-58 CROP YEAR

Point	Wheat	Oats	Barley	Rye	Flaxseed	Canadian Corn	Canadian Buckwheat	Miscellaneous
	bu.	bu.	bu.	bu.	bu.	bu.	bu.	lbs.
RECEIPTS								
Fort William-Port Arthur.....	181,171,400	56,235,480	81,728,528	5,462,920	12,286,240	—	124,680	67,246,704
Vancouver-New Westminster.....	131,783,459	2,006,643	20,226,622	1,474,989	6,395,806	—	—	281,747,361
Victoria.....	2,093,389	791	2,940	—	857,765	—	—	45,608,960
Prince Rupert.....	—	—	10,540,221	—	—	—	—	—
Churchill.....	17,480,155	1,023	—	—	—	—	—	13,524
Calgary.....	377,206	5,528	2,116,310	—	2,658	—	—	15,948,400
Edmonton.....	159,989	275,786	76,668	1,305	2,055	2,219	—	46,870,270
Lethbridge.....	361,322	—	2,492	—	—	—	—	—
Moose Jaw.....	9,048	244,804	—	—	1,430	—	—	—
Saskatoon.....	—	116,551	—	—	90,407	—	—	122,146,230
North Transcona.....	537,712	46,036	56,068	4,120	2,000	—	—	2,211,235
Total Receipts.....	333,973,680	58,932,642	114,749,849	6,943,334	19,638,361	2,219	124,680	581,792,684
SHIPMENTS								
Fort William-Port Arthur.....	178,429,990	57,207,055	79,802,785	4,989,345	10,361,790	—	156,740	450,292,897
Vancouver-New Westminster.....	128,209,973	3,164,151	19,971,031	1,358,870	5,294,725	—	—	259,522,673
Victoria.....	2,173,766	29,087	2,500	—	708,812	—	—	45,673,630
Prince Rupert.....	—	—	10,562,860	—	—	—	—	—
Churchill.....	18,161,046	56,750	—	—	—	—	—	11,862,730
Calgary.....	906,842	7,401	1,842,750	24,152	5,629	—	—	13,821,420
Edmonton.....	439,287	276,971	82,459	1,305	3,051	9,000	—	40,983,020
Lethbridge.....	136,004	8,160	2,492	—	17	—	—	—
Moose Jaw.....	9,048	244,680	—	—	1,430	—	—	—
Saskatoon.....	237,500	118,783	—	—	90,306	—	—	101,436,810
North Transcona.....	917,447	43,745	55,894	4,120	2,000	—	—	938,830
Total Shipments.....	329,620,903	61,156,783	112,322,771	6,377,792	16,467,760	9,000	156,740	924,532,010

TABLE F-2.—NUMBER OF CARS LEAKING AND CARS WITH MISSING SEALS AT THE LAKEHEAD, AT OTHER POINTS AND AT WINNIPEG YARDS, BY RAILWAYS, FOR THE CROP YEAR 1957-58

Destination	Cars Leaking		Missing Seals	
	C.N.R.	C.P.R.	C.N.R.	C.P.R.
Lakehead Elevators and Yards.....	18,210	17,797	1,638	1,903
Other Points.....	7,365	9,413	1,242	1,004
Totals.....	25,575	27,210	2,880	2,907
Totals, Both Railways.....	52,785		5,787	
Winnipeg Yards.....	913	1,045	476	530

TABLE F-3.—NUMBER OF CARS WEIGHED AT ALL POINTS AND PERCENTAGE OF SUCH CARS FOUND LEAKING OR WITH DEFECTIVE SEALS, CROP YEARS 1956-57 AND 1957-58

	Number		Percentage of Total	
	1957-58	1956-57	1957-58	1956-57
Cars Weighed In.....	299,976	305,276	100.0	100.0
Inward Cars Leaking.....	52,785	56,141	17.6	18.3
Inward Cars with Missing or Defective Seals.....	5,787	7,877	1.9	2.5
Cars Weighed Out.....	21,806	30,171	—	—

TABLE F-4.—AVERAGE REPORTED OUTTURN SHORTAGES ON VESSEL SHIPMENTS OF GRAIN FROM FORT WILLIAM—PORT ARTHUR TO CANADIAN AND UNITED STATES PORTS DURING THE 1957-58 CROP YEAR

Grain	Bushels Shipped	Shortage in Pounds per 1,000 Bushels	
		1957-58	1956-57
CANADIAN PORTS			
Wheat.....	150,530,192	31.43	31.1
Durum Wheat.....	19,206,684	28.28	15.4
Oats.....	36,588,738	22.97	21.1
Barley.....	53,129,406	24.11	28.7
Rye.....	1,570,602	13.55	46.9
Flaxseed.....	8,160,126	26.59	21.3
Buckwheat.....	91,730	30.26	51.1
Mixed Grain (in lbs.).....	1,193,710	1.47 lbs. per 1,000 lbs.	.4 lbs. per 1,000 lbs.
Sample Grain (in lbs.).....	18,183,890	.55 lbs. per 1,000 lbs.	.8 lbs. per 1,000 lbs.
Screenings (in tons).....	43,560	1.39 lbs. per ton	1.1 lbs. per ton
UNITED STATES PORTS			
Wheat.....	6,528,538	82.47	63.7
Durum Wheat.....	44,097	55.91	—
Oats.....	15,146,309	50.11	53.1
Barley.....	21,441,792	39.83	43.6
Rye.....	3,201,175	48.21	36.1
Flaxseed.....	—	—	124.0
Buckwheat.....	—	—	111.2
Screenings (in tons).....	35,637	—	—
TOTAL CANADIAN AND UNITED STATES PORTS			
Wheat.....	157,058,730	33.55	32.3
Durum Wheat.....	19,250,781	28.35	15.4
Oats.....	51,735,047	30.92	28.2
Barley.....	74,571,198	28.63	33.1
Rye.....	4,771,777	37.96	39.0
Flaxseed.....	8,160,162	26.59	21.6
Buckwheat.....	91,730	30.26	64.7
Mixed Grain (in lbs.).....	1,193,710	1.47 lbs. per 1,000 lbs.	.4 lbs. per 1,000 lbs.
Sample Grain (in lbs.).....	18,183,890	.55 lbs. per 1,000 lbs.	.8 lbs. per 1,000 lbs.
Screenings (in tons).....	79,197	.77 lbs. per ton	.5 lbs. per ton

APPENDIX G

STATISTICS BRANCH

E. E. BAXTER, Chief Statistician

The Statistics Branch receives reports from all elevators licensed under the Canada Grain Act and from these returns compiles and publishes basic statistics relating to the storage and handling of grain within the Canadian elevator system. It prepares audit statements of the operations of all terminal and eastern elevators, verifies the insurance carried on grain stocks, supplies for review by the Board a detailed analysis of country and terminal grain handlings and co-operates with other Board offices in the maintenance of detailed records of principal operations.

There were no major changes in the general statistical bulletins released by this office during 1957-58. The distribution of these publications continued to expand and the facilities of the local plant of the Queen's Printer were utilized to improve the service and reduce the costs of these operations. The demand for special statistics from the Grain Trade, and government and other offices registered a further increase as indicated of the wider adaption of these statistics to operational analyses.

Continued close co-operation with other offices of the Board made possible further integration of records through this Branch's machine accounting unit and thereby facilitated the preparation of special reports for Board review. Parallel steps were taken towards the integration of records and reports in electronic machine card accounting form with those grain companies and organizations using these media.

The records and facilities of the office were made available to the Box Car Distribution Inquiry. The tabulating and research sections of the Branch prepared a wide range of detailed statements of country and terminal elevator capacities, stocks, handlings and inter-related ratios for this investigation. The office also supplied historical records of their own operations for certain individual companies and groups for use in their submissions to the Inquiry.

The grain audit statements prepared in connection with elevator stock weighups during the year carried out by the Weighing and Inspection Branches of the Board under authority of Sections 139 and 140 of the Canada Grain Act are summarized in the tables G12-14 inclusive of this appendix. Additional statistics and analyses relating to the operations of these elevators were prepared for the information of the Board in their examination of these audits.

The responsibility of the Branch under Section 21 of the Act was met by the maintenance within the office of grain price records for the principal grain markets and the preparation therefrom of regular statements of price statistics.

In compliance with Section 102 of the Canadian Grain Act the office continued to examine and check grain insurance policies and reports filed by elevator licensees and thereby ensured adequate protection to owners of stored grain.

Vessel charter confirmations submitted by shippers with respect to all lake grain cargoes shipped from Fort William-Port Arthur during the 1958 season of navigation were examined by this office in accordance with our responsibilities under the Inland Water Freight Rates Act. These reports covered the 1,123 vessels that carried 322 million bushels of the five principal grains during the 1958 season which opened on April 18 and closed December 13. Rates on these cargoes opened and continued for the season at the maximum level of charges allowable under this Act.

The operations of the 5,348 country elevators licensed for the 1957-58 season were reported in annual returns filed by the companies. These reports were examined and tabulated for statistical records and special analyses. A further 1,867 reports were received on a continuing basis from the operating companies covering those country elevator weighups completed over the crop season. Special reports and tabulations were made from these statements for the use of the Board and the Assistant Commissioners in their review of the individual agent's operations.

The principal general grain statistics for the 1957-58 crop year and the 1958 season of navigation are summarized in the tables which follow. More complete details of Canada's grain trade are published in the Branch's export release—Canadian Grain Exports 1957-58, the various regular and periodical bulletins of the Branch, and in the "Grain Trade of Canada" released jointly by this office and the Agriculture Division of the Dominion Bureau of Statistics.

TABLE G-1.—SUPPLY AND DISPOSITION OF CANADIAN GRAIN, CROP YEAR 1957-58

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY					
Carry-over July 31st, 1957.....	729,545,846	226,215,327	142,778,542	14,159,691	7,580,565
Production in 1957.....	370,508,000	380,599,000	215,993,000	8,539,000	19,179,000
Total Supply.....	1,100,053,846	606,814,327	358,771,542	22,698,691	26,759,565
DISPOSITION					
Exported Overseas.....	308,427,344	4,313,944	53,662,300	2,293,618	13,850,129
Exported to the U.S.A.....	6,176,086	21,580,991	21,457,508	3,151,985	—
Consumed in Canada.....	173,006,675	426,003,758	165,486,444	7,191,135	7,257,420
Total Disposition.....	488,600,105	451,898,693	240,606,252	12,636,738	21,107,549
CARRY-OVER (July 31st, 1958)					
On Farms (estimated).....	203,900,000	108,000,000	57,500,000	6,030,000	930,000
In Country, Private Terminal and Mill Elevators.....	244,129,561	32,912,414	37,568,007	1,762,496	1,044,571
In Semi-Public Terminal Elevators In Store at and Afloat to Eastern Elevators.....	71,454,564	5,596,595	16,000,285	1,395,120	2,735,134
In Eastern Flour Mills.....	68,739,805	4,995,855	5,534,532	294,039	497,363
In Transit by Rail—Eastern and Western Divisions.....	2,567,859	177,324	15,251	—	—
In Store and in Transit to the United States.....	20,661,862	3,233,446	1,018,221	515,816	444,948
	—	—	528,994	64,482	—
Total in Store July 31st, 1958	611,453,741	154,915,634	118,165,290	10,061,953	5,652,016

TABLE G-2.—PRODUCTION AND PRODUCERS' MARKETINGS IN WESTERN CANADA,
BY PROVINCES, CROP YEAR 1957-58

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
PRODUCTION (DBS estimate)					
Manitoba.....	45,000,000	58,000,000	33,000,000	1,200,000	3,500,000
Saskatchewan.....	211,000,000	80,000,000	80,000,000	3,200,000	10,500,000
Alberta and British Columbia.....	94,031,000	100,616,000	98,056,000	1,951,000	5,016,000
Totals.....	350,031,000	238,616,000	211,056,000	6,351,000	19,016,000
PRODUCERS' MARKETINGS					
(a) At Country Elevators					
Manitoba.....	41,396,282	19,226,216	19,565,652	986,314	2,813,311
Saskatchewan.....	243,952,159	23,823,076	51,403,243	4,063,017	8,310,557
Alberta.....	88,827,346	14,310,546	45,499,201	2,252,826	3,653,093
Totals.....	374,175,787	57,359,838	116,468,096	7,302,157	14,776,961
(b) At Interior Semi-Public Terminals					
Manitoba.....	23,333	27,801	17,828	—	—
Saskatchewan.....	—	—	—	—	—
Alberta.....	346,824	275,041	66,610	—	883
Totals.....	370,157	302,842	84,438	—	883
(c) At Interior Private and Mill Elevators					
Manitoba.....	220,920	102,225	28,687	6,293	84,534
Saskatchewan.....	1,962,911	90,229	105,068	1,128	112,443
Alberta.....	1,392,483	406,943	130,603	79,393	305,269
Totals.....	3,576,314	599,397	264,358	86,814	502,246
(d) Loaded over Platforms					
Manitoba.....	1,747	5,520	813	—	—
Saskatchewan.....	38,113	2,083	7,455	—	11,025
Alberta.....	29,991	2,176	40,692	6,308	4,390
Totals.....	69,851	9,779	48,960	6,308	15,415
Total Producers' Marketings					
Manitoba.....	41,642,282	19,361,762	19,612,980	992,607	2,897,845
Saskatchewan.....	245,953,183	23,915,388	51,515,766	4,064,145	8,434,025
Alberta.....	90,596,644	14,994,706	45,737,106	2,338,527	3,963,635
Totals.....	378,192,109	58,271,856	116,865,852	7,395,279	15,295,505

TABLE G-3.—RECEIPTS AND SHIPMENTS OF CANADIAN GRAIN AT TERMINAL ELEVATORS, CROP YEAR 1957-58

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
Fort William-Port Arthur—					
Receipts.....	176,412,251	54,971,441	79,296,717	5,241,024	10,097,681
Shipments.....	178,206,775	56,769,572	78,665,353	4,932,552	10,164,399
Vancouver-New Westminster—					
Receipts.....	128,107,099	1,983,524	19,979,229	1,430,111	5,448,604
Shipments.....	128,209,957	3,164,151	19,971,030	1,358,870	5,224,300
Victoria—					
Receipts.....	2,030,741	791	2,940	—	702,400
Shipments.....	2,173,766	29,087	2,500	—	701,740
Prince Rupert—					
Receipts.....	—	—	10,357,023	—	—
Shipments.....	—	—	10,562,860	—	—
Churchill—					
Receipts.....	17,042,058	1,023	—	—	—
Shipments.....	18,395,046	56,750	—	—	—
Transcona—					
Receipts.....	527,304	45,765	55,549	4,120	2,000
Shipments.....	917,419	43,712	55,894	4,120	2,000
Calgary—					
Receipts.....	376,725	5,528	2,115,414	—	2,482
Shipments.....	906,842	7,401	1,842,749	24,151	5,579
Edmonton—					
Receipts.....	156,239	275,041	76,484	1,305	2,055
Shipments.....	439,287	276,971	82,459	1,305	3,039
Lethbridge—					
Receipts.....	352,324	—	2,492	—	—
Shipments.....	136,004	8,160	2,492	—	17
Moose Jaw—					
Receipts.....	9,048	244,680	—	—	1,430
Shipments.....	9,048	244,680	—	—	1,430
Saskatoon—					
Receipts.....	—	116,489	—	—	90,306
Shipments.....	237,500	118,783	—	—	90,306
Total Receipts.....	325,013,789	57,644,282	111,885,848	6,676,560	16,346,958
Total Shipments.....	329,631,644	60,719,267	111,185,337	6,320,998	16,192,810

TABLE G-4.—SHIPMENTS OF FOREIGN GRAIN FROM CANADIAN ELEVATORS INTO CANADIAN CONSUMER CHANNELS, CROP YEAR 1957-58

From	United States	United States	United States
	Corn	Soybeans	Rice
	bu.	bu.	bu.
Eastern Elevators.....	4,430,303	1,335,845	21,552
Fort William-Port Arthur.....	—	—	—
Interior Terminals.....	—	—	—
Interior Private and Mill Elevators.....	990,356	—	—
Pacific Coast Elevators.....	—	—	—

TABLE G-5.—PRIMARY RECEIPTS AND SHIPMENTS AT EASTERN ELEVATORS, CROP YEAR 1957-58

	Receipts	Shipments
	bu.	bu.
Canadian Grain—		
Wheat.....	173,850,365	177,529,028
Oats.....	37,406,722	37,150,660
Barley.....	48,377,821	48,264,225
Rye.....	1,781,833	1,888,363
Flaxseed.....	10,637,341	10,727,266
Corn.....	2,866,669	3,141,252
Soybeans.....	3,294,043	3,015,457
Buckwheat.....	238,952	342,765
Peas.....	299,172	299,490
Rapeseed (lbs.).....	52,999,680	53,512,210
Mixed Grain (lbs.).....	1,191,950	1,268,530
Sample Grain (lbs.).....	18,500,970	21,143,971
United States Grain—		
Flaxseed.....	6,923,881	7,036,281
Corn.....	5,233,116	5,494,768
Soybeans.....	1,337,883	1,335,845
Rice.....	21,552	21,552
Buckwheat.....	14,773	14,773

TABLE G-6.—SUPPLY AND DISPOSITION OF CANADIAN GRAIN IN UNITED STATES POSITIONS, CROP YEAR 1957-58

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY					
In Store and in Transit U.S.A.....	78,752	104,531	—	18,000	—
Receipts direct from Canada.....	7,653,152	21,476,460	21,633,294	3,198,467	—
Total Supply.....	7,731,904	21,580,991	21,633,294	3,216,467	—
DISPOSITION					
Exported.....	—	—	—	—	—
Returned to Canada.....	565,818	—	—	—	—
Used Domestically.....	7,166,086	21,580,991	21,457,508	3,151,985	—
Total Disposition.....	7,731,904	21,580,991	21,457,508	3,151,985	—
In Store and in Transit, July 31, 1958.....	—	—	175,786	64,482	—

TABLE G-7.—EXPORTS OF CANADIAN WHEAT, BY SEABOARD SECTORS, BY MONTHS, CROP YEAR 1957-58

	Via	Via	Via	Via	United States Atlantic Ports	United States Imports ¹		Total All Wheat	Wheat Flour ²	Total Wheat and Wheat Flour
	Canadian Pacific Ports	Canadian St. Lawrence- Atlantic Ports	Churchill	Fort William- Port Arthur Direct		For Domestic Use	Milling in Bond			
1957	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
August.....	9,948,729	6,495,289	7,869,393	—	—	335,563	66,950	24,715,924	2,476,674	27,192,598
September.....	10,959,284	3,940,161	5,759,933	—	—	441,766	65,015	21,166,159	2,739,990	23,906,149
October.....	8,832,578	5,450,301	2,947,880	—	—	619,578	64,231	17,914,568	3,477,200	21,391,768
November.....	14,316,062	12,640,919	—	—	—	738,690	210,424	27,906,095	2,869,604	30,775,699
December.....	11,553,435	7,655,592	—	—	—	610,286	80,291	19,899,604	3,920,475	23,820,079
1958										
January.....	12,535,581	6,064,492	—	—	—	242,750	—	18,842,823	3,506,741	22,349,564
February.....	8,804,057	9,695,151	—	—	—	63,288	—	18,562,496	2,302,896	20,865,392
March.....	9,625,910	9,436,323	—	—	—	216,147	164,720	19,443,100	3,837,400	23,280,500
April.....	11,144,239	11,261,331	—	—	—	381,664	—	22,787,234	3,067,770	25,855,004
May.....	11,286,073	22,132,538	—	—	—	732,200	1,115,384	35,266,195	4,868,037	40,134,232
June.....	11,453,288	14,671,783	—	—	—	751,088	28,909	26,905,068	3,911,491	30,816,559
July.....	9,208,431	10,876,573	1,817,840	143,405	—	237,142	—	22,283,391	2,922,495	25,205,886
Total Crop Year 1957-58...	129,667,667	120,320,453	18,395,046	143,405	—	5,370,162	1,795,924	275,692,657	39,900,773	315,593,430
Total Crop Year 1956-57...	104,119,211	101,535,965	16,250,320	—	480,137	4,757,417	1,114,084	228,257,134	33,539,591 ³	261,796,725
5-Year Average 1952-53 to 1956-57.....	100,080,768	126,427,626	12,183,118	73,664	923,547	7,432,143	2,196,562	249,317,428	43,381,626	292,699,054

¹Compiled from returns of Canadian elevator licensees and shippers and advice from American grain correspondents.

²Canadian Customs returns converted to bushels—unadjusted for time lag.

³Revised—adjusted to remove effect of time lag in reports made by the Customs.

TABLE G-8.—OVERSEAS EXPORTS OF CANADIAN GRAIN BY SEABOARD SECTORS, BY GRADES, CROP YEAR 1957-58

Grades	Via Canadian Pacific Ports	Via Canadian St. Lawrence-Atlantic Ports*	Via Churchill	Via United States Atlantic Ports	Total
	bu.	bu.	bu.	bu.	bu.
WHEAT—					
1 Manitoba Northern.....	254,095	1,322,576	9,333	—	1,586,004
2 Manitoba Northern.....	30,877,717	36,926,410	10,207,957	—	78,012,084
3 Manitoba Northern.....	51,005,568	27,876,869	3,931,500	—	82,813,937
4 Manitoba Northern.....	26,831,995	22,015,038	421,944	—	49,268,977
No. 5.....	15,038,652	14,146,912	3,574,673	—	32,760,237
No. 6.....	4,718,250	183,759	—	—	4,902,009
3 C. W. Garnet.....	25,323	—	—	—	25,323
1 Alberta Red Winter.....	34,999	—	—	—	34,999
2 Alberta Winter.....	127,022	—	—	—	127,022
3 Alberta Winter.....	39,515	—	—	—	39,515
Other Western.....	714,531	2,930,320	249,639	—	3,894,490
Eastern.....	—	2,647,561	—	—	2,647,561
2 C.W. Amber Durum.....	—	2,381,682	—	—	2,381,682
3 C.W. Amber Durum.....	—	1,603,188	—	—	1,603,188
Extra 4 C.W. Amber Durum.....	—	5,189,878	—	—	5,189,878
4 C.W. Amber Durum.....	—	3,032,319	—	—	3,032,319
Other Durum.....	—	207,346	—	—	207,346
Totals.....	129,667,667	120,463,858	18,395,046	—	268,526,571
OATS—					
Extra 3 C.W.....	16,471	—	—	—	16,471
3 C.W.....	32,941	977,244	—	—	1,010,185
Extra 1 Feed.....	476,501	78,729	—	—	555,230
1 Feed.....	983,342	279,338	—	—	1,262,680
Mixed Feed.....	747,437	205,110	56,750	—	1,009,297
Eastern.....	—	460,081	—	—	460,081
Totals.....	2,256,692	2,000,502	56,750	—	4,313,944
BARLEY—					
3 C.W. Six Row.....	5,869,314	1,405,328	—	—	7,274,642
4 C.W. Six Row.....	—	295,995	—	—	295,995
3 C.W. Two Row.....	10,168,693	209,011	—	—	10,377,704
1 Feed.....	12,166,840	2,574,160	—	—	14,741,000
2 Feed.....	2,068,732	18,830,853	—	—	20,899,585
Other Western.....	—	73,374	—	—	73,374
Totals.....	30,273,579	23,388,721	—	—	53,662,300
RYE—					
2 C.W.....	1,085,279	256,000	—	—	1,341,279
3 C.W.....	269,341	682,998	—	—	952,339
Totals.....	1,354,620	938,998	—	—	2,293,618
FLAXSEED—					
1 C.W.....	4,543,394	4,646,763	—	—	9,190,157
2 C.W.....	1,459,433	2,959,438	—	—	4,418,871
3 C.W.....	—	41,101	—	—	41,101
Totals.....	6,002,827	7,647,302	—	—	13,650,129

*Includes grain shipped direct from Canadian Lake Ports.

TABLE G-9.—OVERSEAS EXPORTS OF CANADIAN GRAIN, BY PORTS, CROP YEAR 1957-58

Loaded at	Wheat (All varieties)	Oats	Barley	Rye	Flaxseed	Total All Grains
	bu.	bu.	bu.	bu.	bu.	bu.
Vancouver-New Westminster.....	127,497,256	2,256,692	19,710,719	1,354,620	5,293,715	156,113,002
Victoria.....	2,170,411	—	—	—	709,112	2,879,523
Prince Rupert.....	—	—	10,562,860	—	—	10,562,860
Fort William-Port Arthur Direct.....	143,405	—	275,899	—	—	419,304
Humberstone Direct.....	32,328	—	—	—	—	32,328
Kingston Direct.....	—	—	40,563	—	—	40,563
Prescott Direct.....	—	—	39,445	—	—	39,445
Montreal.....	55,515,065	1,671,309	17,486,330	928,873	5,138,019	80,739,596
Sorel.....	11,545,507	—	4,589,478	—	326,252	16,461,237
Three Rivers.....	13,890,366	230,427	—	—	10,349	14,131,142
Quebec.....	11,009,887	—	635,430	—	—	11,645,317
Saint John.....	1,028,855	—	—	—	—	1,028,855
West Saint John.....	14,283,738	98,766	309,936	10,125	2,152,188	16,854,753
Halifax.....	13,014,707	—	11,640	—	20,494	13,046,841
Churchill.....	18,395,046	56,750	—	—	—	18,451,796
Totals—Canadian Ports.....	268,526,571	4,313,944	53,662,300	2,293,618	13,650,129	342,446,562
U.S.A. Ports.....	—	—	—	—	—	—
Totals to Overseas.....	268,526,571	4,313,944	53,662,300	2,293,618	13,650,129	342,446,562
Wheat Flour ^①	39,900,773	—	—	—	—	39,900,773
U.S.A. Imports ^②	7,166,086	21,580,991	21,457,508	3,151,985	—	53,356,570
Grand Totals.....	315,593,430	25,894,935	75,119,808	5,445,603	13,650,129	435,703,905

^①Canadian Customs Returns—converted to bushels.

^②Compiled from returns of Canadian Elevator licensees and shippers and advice from American grain correspondents.

TABLE G-10.—TOUGH AND DAMP GRAIN DRIED, BY STORAGE POSITION, CROP YEAR 1957-58

	Artificial Drying			Natural Drying	Total
	Tough	Damp	Tough and Damp		
	bu.	nu.	bu.	bu.	bu.
LAKEHEAD					
Wheat.....	2,365	734	3,099	1,933,611	1,936,710
Durum Wheat.....	—	—	—	38,987	38,987
Oats.....	1,595	—	1,595	256,567	258,162
Barley.....	227	5,868	6,095	925,222	931,317
Rye.....	81	1,527	1,608	81,256	82,864
Flaxseed.....	7,540	3,093	10,633	30,089	40,722
Totals.....	11,808	11,222	23,030	3,265,732	3,288,762
PACIFIC COAST					
Wheat.....	121,104	63,643	184,747	5,480,597	5,665,344
Oats.....	65,778	13,200	78,978	157,897	236,875
Barley.....	946,082	64,344	1,010,426	2,234,730	3,245,156
Rye.....	—	—	—	10,926	10,926
Flaxseed.....	—	—	—	66,721	66,721
Totals.....	1,132,964	141,187	1,274,151	7,950,871	9,225,022
INTERIOR					
Wheat.....	—	—	—	41,303	41,303
Barley.....	—	1,411	1,411	—	1,411
Totals.....	—	1,411	1,411	41,303	42,714
CHURCHILL					
Wheat.....	—	—	—	36,261	36,261
Totals, All Positions.....	1,144,772	153,820	1,298,592	11,294,167	12,592,759

TABLE G-11.—WEIGHTED AVERAGE LAKE FREIGHT RATES ON CANADIAN GRAIN FROM FORT WILLIAM-PORT ARTHUR, SEASON OF NAVIGATION 1958

Port of Discharge	Wheat	Oats	Barley	Rye	Flaxseed
	(cents per bushel)				
Georgian Bay Ports, Goderich, Sarnia and Walkerville.....	6.038	5.015	5.320	5.5	—
Port Colborne.....	7.652	6.751	7.250	7.5	8.0
Toronto.....	8.064	7.25	7.521	—	8.519
Kingston.....	8.75	9.0	8.25	—	—
Prescott.....	9.0	8.25	8.5	—	—
Montreal (Direct).....	16.0	13.0	15.25	16.0	17.0
Montreal via Bay Ports.....	16.0	13.0	—	—	—
Montreal via Port Colborne.....	16.0	13.0	15.25	—	17.0
Montreal via Toronto.....	16.0	—	15.25	—	—
Montreal via Kingston.....	16.0	13.0	15.25	16.0	17.0
Montreal via Prescott.....	16.0	13.0	15.130	16.0	17.0
Sorel (Direct).....	16.0	13.0	15.25	—	—
Sorel via Bay Ports.....	16.0	—	—	—	—
Sorel via Port Colborne.....	16.0	13.0	15.25	—	17.0
Sorel via Prescott.....	16.0	13.0	15.25	—	—
Three Rivers via Bay Ports.....	16.0	—	—	—	—
Three Rivers via Port Colborne.....	16.0	13.0	—	—	—
Three Rivers via Toronto.....	16.0	13.0	15.25	—	17.0
Three Rivers via Kingston.....	16.0	13.0	—	—	—
Three Rivers via Prescott.....	16.0	—	15.25	—	17.0
Quebec (Direct).....	16.0	13.0	15.25	—	—
Quebec via Port Colborne.....	16.0	13.0	15.25	—	—
Quebec via Kingston.....	16.0	—	—	—	—
Quebec via Prescott.....	16.0	13.0	15.25	—	—
Buffalo.....	8.110	6.049	7.899	7.895	—
Chicago.....	7.507	—	5.5	6.878	—
Detroit.....	—	—	6.622	—	—
Duluth-Superior.....	6.199	—	5.424	5.760	—
Huron.....	6.5	5.5	—	—	—
Manitowoc.....	—	—	6.179	—	—
Milwaukee.....	—	—	6.501	—	—

NOTE.—Rates originally quoted in United States Fund have been converted to Canadian currency at the prevailing rates of exchange.

TABLE G-12.—EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN SEMI-PUBLIC TERMINAL ELEVATORS, CROP YEAR 1957-58

Date of Weighover	Licensee	EXCESS						DEFICIENCY					
		No. 1 Manitoba Hard	No. 1 Manitoba Northern	No. 2 Manitoba Northern	No. 3 Manitoba Northern	No. 1 Canada Western Garnet	No. 2 Canada Western Garnet	No. 1 Manitoba Hard	No. 1 Manitoba Northern	No. 2 Manitoba Northern	No. 3 Manitoba Northern	No. 1 Canada Western Garnet	No. 2 Canada Western Garnet
Dec. 19-30, 1957.....	FORT WILLIAM—PORT ARTHUR Canadian Consolidated Grain Co. Ltd. Empire.....	bu.	bu.	bu.	bu.	bu.	bu.	bu.	201.3	109.5	728.1	—	—
Dec. 11-17, 1957.....	Fort William Elevator Co. Ltd. Elevator "E".....	—	—	—	—	—	—	—	—	—	—	—	—
Dec. 12-18, 1957.....	Elevator "F".....	—	—	—	—	—	—	—	40.0	32.0	.8	—	—
Nov. 21-25, 1957.....	Lakehead Terminals Ltd.....	—	2.7	2,774.7	1,957.1	—	—	—	—	—	—	—	—
Sept. 4-16, 1957.....	Manitoba Pool Elevators Elevator No. 6.....	—	—	—	—	—	—	—	1,605.2	16,945.8	14,029.9	—	—
Dec. 13-18, 1957.....	McCabe Grain Co. Ltd.....	—	—	—	—	—	—	—	53.7	1,777.5	2,042.2	—	—
Dec. 18-31, 1957.....	National Grain Co. Ltd.....	—	—	—	—	—	—	—	176.1	3,227.5	11,051.5	—	—
Dec. 9-18, 1957.....	Ogilvie Flour Mills Co. Ltd....	—	—	2,968.0	—	—	—	—	2,181.4	—	6,976.4	—	—
May 12-16, 1958.....	N. M. Paterson & Sons, Ltd. .	—	—	—	26,521.5	—	—	—	812.5	23,248.2	—	—	—
Dec. 20-31, 1957.....	Saskatchewan Wheat Pool Elevator No. 4.....	—	—	—	—	—	—	—	4,160.8	38,418.7	23,274.9	—	—
Dec. 17-27, 1957.....	Elevator No. 5.....	—	—	—	—	—	—	—	356.8	7,534.8	1,209.2	—	—
Dec. 12-19, 1957.....	United Grain Growers Ltd.....	—	—	—	—	—	—	—	872.9	14,434.6	95,649.9	—	—
June 9-13, 1958.....	VANCOUVER-NEW WESTMINSTER Pacific Elevators Ltd. Elevator No. 2.....	—	—	—	—	—	—	—	5.0	323.6	1,036.9	—	—
April 28-30, 1958.....	Elevator No. 4.....	—	—	—	—	—	—	—	113.9	834.4	2,572.3	—	—
Aug. 8-22, 1957.....	United Grain Growers Ltd. Elevator No. 3 (N.H.B.)....	—	546.8	—	—	—	—	—	—	17,795.0	7,736.4	—	359.1
July 4-7, 1958.....	PRINCE RUPERT, B.C. Canadian Government Elevator	—	—	—	—	—	—	—	—	—	—	—	—
July 2-7, 1958.....	NORTH TRANSCONA, MAN. Eastern Terminal Elevator Co. Ltd.....	—	—	—	—	—	—	—	23.7	453.8	1,714.2	—	—
Oct. 16-24, 1957.....	CHURCHILL, MAN. National Harbours Board.....	—	3,084.0	—	—	—	—	—	—	66,272.7	27,604.4	—	—
June 16-26, 1958.....	CALGARY, ALTA. Canadian Government Elevator	—	—	—	—	—	—	—	—	213.2	801.4	—	—
May 5-9, 1958.....	EDMONTON, ALTA. Canadian Government Elevator	—	—	—	—	—	—	—	—	24.3	496.8	—	—

TABLE G-13—EXCESSES AND DEFICIENCIES IN SPECIFIED GRADED OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN PRIVATE TERMINAL ELEVATORS, CROP YEAR 1957-58

Grade of Wheat	Excess	Deficiency
	bu.	bu.
No. 1 Manitoba Hard.....	—	—
No. 1 Manitoba Northern.....	—	—
No. 2 Manitoba Northern.....	—	—
No. 3 Manitoba Northern.....	—	—
No. 1 Canada Western Garnet.....	—	—
No. 2 Canada Western Garnet.....	—	—

No wheat of the above grades was handled or in store in the following elevators:

Date of Weighover	Elevator Company	Location
December 12th, 1957.....	Canada Mating Co. Ltd.....	Winnipeg, Manitoba
December 30th, 1957.....	Canada Malting Co. Ltd.....	Port Arthur, Ontario
December 10th, 1957.....	Dominion Malting Co. Ltd.....	Transcona, Manitoba
December 30th, 1957.....	National Grain Feed Mill.....	Fort William, Ontario

TABLE G-14.—OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1957-58

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
			bu.	bu.
1958				
Mar. 19-25	COLLINGWOOD Collingwood Terminals Ltd.....	Canada Western Wheat.....	—	3,275.6
		Canada Western Oats.....	3,172.2	—
		Canada Western Barley.....	574.3	—
		Canada Western Rye.....	—	13.3
		Canada Western Sample Grain....	—	*180
		Canada Western Screenings.....	*980	—
		U.S.A. Corn.....	—	299.1
Mar. 17- April 2	GODERICH Goderich Elevator and Transit Co. Ltd.....	Canada Western Wheat.....	—	19,567.5
		Canada Western Oats.....	—	12,620.4
		Canada Western Barley.....	—	12,698.6
		Canada Western Rye.....	—	708.6
		Canada Western Sample Grain....	*40,130	—
		Canada Western Screenings.....	—	*264,505
Mar. 4-14	Upper Lakes and St. Lawrence Transportation Co. Ltd.....	U.S.A. Corn.....	—	1,500.9
		Canada Western Wheat.....	—	3,300.0
		Canada Western Oats.....	—	2,408.8
		Canada Western Barley.....	—	1,686.8
		Canada Western Mixed Grain.....	*21,380	—
Canada Western Screenings.....	—	*68,770		
Nov. 18-29, 1957	HUMBERSTONE Robin Hood Flour Mills Ltd.....	Canada Western Wheat.....	—	12,444.8
		Canada Western Barley.....	—	49.0
		Canada Western Rye.....	—	134.7
May 1	LAKEFIELD Lakefield Elevator Co....	Canada Western Wheat.....	—	343.3
Mar. 6-21	MIDLAND Canada Steamship Lines Ltd.....	Canada Western Wheat.....	—	4,487.4
		Canada Western Oats.....	—	10.5
		Canada Western Barley.....	—	52.5
Mar. 11-18	Canadian National Railways.....	Canada Western Wheat.....	—	5,441.4

TABLE G-14.—OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1957-58—Continued

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
			bu.	bu.
1958				
Mar. 10-20	Midland-Simcoe Elevator Co. Ltd.....	Canada Western Wheat.....	—	8,069.3
		Canada Western Oats.....	—	1,807.4
		Canada Western Barley.....	179.1	—
Feb. 25- Mar. 10	Renown Investments Ltd.	Canada Western Wheat.....	—	1,670.6
		Canada Western Oats.....	—	297.8
Mar. 5-11	MONTREAL Dominion Elevator Ltd....	Canada Western Wheat.....	—	1,859.6
		Canada Western Oats.....	—	1,270.5
		Canada Western Barley.....	—	1,051.9
		Canada Western Sample Grain....	—	*6,385
		Canada Western Screenings.....	—	33,400
		U.S.A. Corn.....	—	36.7
Mar. 21-28	OWEN SOUND Great Lakes Elevator Co. Ltd.....	Canada Western Wheat.....	—	279.0
		Canada Western Oats.....	—	3,162.8
		Canada Western Barley.....	613.5	—
		Canada Western Sample Grain....	4,010	—
		Canada Western Screenings.....	—	*2,420
Mar. 10-17	PORT COLBORNE Maple Leaf Milling Co. Ltd.	Canada Western Wheat.....	—	410.6
		Canada Western Oats.....	—	233.2
Mar. 19-28	PORT McNICOLL Canadian Pacific Railway Co.....	Canada Western Wheat.....	—	3,163.7
Feb. 18-28	PRESCOTT National Harbours Board.	Canada Western Wheat.....	1,522.7	—
		Canada Western Oats.....	—	2,722.5
		Canada Western Barley.....	1,020.6	—
		Canada Western Rye.....	—	149.1
		Canada Western Flaxseed.....	—	2,237.1
		Canada Western Buckwheat.....	—	27.9
		Canada Western Sample Grain....	—	*1,460
		U.S.A. Flaxseed.....	—	4,439.8
		U.S.A. Corn.....	—	1,644.0
Feb. 19- Mar. 6	QUEBEC National Harbours Board.	Canada Western Wheat.....	—	6,643.2
		Canada Western Oats.....	—	2,198.0
		Canada Western Barley.....	—	2,126.1
		Canada Western Rye.....	—	16.3
		Canada Western Mixed Grain....	—	*50
		Canada Western Sample Grain....	—	*1,640
		Canada Western Screenings.....	—	*4,090
		U.S.A. Corn.....	—	168.1
Feb. 4-18	SOREL North American Elevators Ltd.....	Canada Western Wheat.....	—	5,199.1
		Canada Western Oats.....	—	912.2
		Canada Western Barley.....	—	1,473.5
		Canada Western Flaxseed.....	—	160.0
		U.S.A. Flaxseed.....	—	557.0
		U.S.A. Corn.....	—	117.5
Feb. 17- Mar. 5	TORONTO Toronto Elevators Ltd....	Canada Western Wheat.....	—	3,871.6
		Canada Western Oats.....	—	4,506.9
		Canada Western Barley.....	—	471.2
		Canada Western Rye.....	—	25.0
		Canada Western Flaxseed.....	—	608.8
		Canada Western Sample Grain....	—	*4,000
		Canada Western Screenings.....	—	*6,260
		U.S.A. Corn.....	94.4	—
		U.S.A. Soybeans.....	—	1,450.9

TABLE G-14.—OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1957-58—Concluded

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
			bu.	bu.
1958				
Mar. 24-27	WALKERVILLE Hiram Walker & Sons Grain Corp. Ltd.....	Canada Western Wheat..... Canada Western Oats..... Canada Western Barley..... Canada Western Rye..... U.S.A. Corn.....	— — — 585.5 —	2,761.6 17.1 47.6 — 317.0
April 10	WEST SAINT JOHN Canadian Pacific Railway Co. Elevator "B".....	Canada Western Wheat..... Canada Western Oats..... Canada Western Rye..... Canada Western Flaxseed..... Canada Western Buckwheat..... Canada Western Soybeans..... Canada Western Rapeseed.....	— — — — — — —	3,202.1 61.7 6.3 543.2 31.3 46.9 *290
April 11	Canadian Pacific Railway Co. Elevator "H".....	Canada Western Wheat..... Canada Western Barley..... Canada Western Flaxseed..... Canada Western Buckwheat..... Canada Western Peas..... Canada Western Soybeans..... Canada Western Rapeseed.....	— — — — — — —	233.5 182.4 499.2 48.4 35.5 158.7 *580
Mar. 31- April 8	HALIFAX National Harbours Board.	Canada Western Wheat..... Canada Western Oats..... Canada Western Barley..... Canada Western Rye..... Canada Western Flaxseed..... Canada Western Buckwheat..... Canada Western Soybeans..... Canada Western Rapeseed..... U.S.A. Wheat.....	— — — — — — — — —	14,038.5 18.7 13.3 511.6 671.1 2.8 85.2 *7,790 85.9

* Pounds.

APPENDIX H

THE GRAIN RESEARCH LABORATORY

J. ANSEL ANDERSON, Chief Chemist

Section 22 of the Canada Grain Act requires that "The Board shall maintain an efficient and adequately equipped laboratory for research work in relation to grain."

The following summary report of the work of the Grain Research Laboratory for 1958 deals with the quality of Canadian grain marketed during the 1957-58 crop year, the estimated quality of 1958 grain crops, and with research and other activities. As in previous years, the Laboratory will publish a separate annual report that discusses these and other phases of the year's work in greater detail.

QUALITY OF GRAIN MARKETED IN 1957-58

Throughout the 1957-58 crop year, the Laboratory continued studies of the quality of spring wheat, durum wheat, barley, oil seeds and other cereal grains at various stages of marketing. Comprehensive data obtained from these studies will be reported in the Laboratory's 1958 annual report as tables and maps. The 1957 spring wheat crop was the highest in average protein content since 1947, and represented a return to the exceptionally strong wheats which Canada harvested continuously during the dry years between the late thirties and early forties. But it was well into the crop year before any appreciable quantity of this wheat showed in export shipments as storage space from coasts right back to farms was filled with wheat from the large carryover of below-average protein content. Improvement in the quality of exports did occur, however, as the crop year progressed, particularly at the Pacific coast.

Spring wheat marketed in 1957-58 was high in bushel weight and flour yield, and, in general, protein levels were a little higher than for corresponding grades the previous crop year. Baking strength was definitely higher than in 1956-57, and carrying power for weaker wheats was very good indeed. Baking absorption and gassing power were both at satisfactory levels. Durum wheat was higher in protein content than for several years, and macaroni-making quality was similar in many respects to that of the previous crop. Extra No. 4 C.W. and No. 4 C.W. were the principal grades exported. Malting barley was about average in quality and higher in nitrogen content than in 1956-57. The flax crop was not quite so high in either oil content or iodine value as in the previous crop year, and the rapeseed crop was also a little lower in oil content.

ESTIMATED QUALITY OF 1958 CROPS

The 1958 Western wheat crop is one of the smallest harvested in the last ten years, but it is low in moisture and high in grade and protein content. Production is estimated at 341 million bushels (including 16 million of durum wheat) from 20.2 million acres. About 90% of the spring wheat is expected to grade No. 3 Northern and higher, and for the first time in several years there is a fairly large volume of No. 1 Northern. Protein content is 13.8%, which is 0.3% higher than the long-term average. Bushel weight is high, and the Northern grades mill well and give high yields of flour. Baking strength is high, carrying power is very good, and doughs are lively and extensible. Baking absorption is high and gassing power is satisfactory. The new crop is higher in baking strength and better in carrying power than wheat exported in the last quarter of the 1957-58 crop year.

Production of durum wheat this year is well below the 44 million bushels harvested last year, and the major part of this reduction resulted from the much smaller acreage seeded (56% less than in 1957). About 85% of the crop will grade No. 2 C.W. and No. 3 C.W., and the wheat is vitreous, and high in bushel weight and protein content. Dough properties are very good, yellow pigment is high, and milling and macaroni-making qualities are excellent. The quality of the new durum crop appears to be consistently better, grade for grade, than current shipments moving forward.

The new barley crop is estimated at 237 million bushels, which is about 10% higher than in 1957. Early deliveries in the 1958-59 crop year show that 54% of the barley entered the malting grades, and it is expected that larger quantities of No. 1 and No. 2 C.W. Six Row will be available this year. Comparable results for the two crops show that malt extract, wort nitrogen, and enzymatic activity are essentially the same, but that bushel weight and kernel weight are higher this year.

The 1958 flax crop of 23 million bushels is one of the largest on record, and grade and bushel weight are both high. Oil content and protein content are a little higher this year than last year, but iodine value is a little lower. The rapeseed crop is estimated at 430 million pounds, and almost all of it is expected to go into the top grade. Oil content and protein content are much the same as last year's crop.

BULLETINS AND MAPS

Preliminary information on the quality of different grades of 1958 grain crops was published as protein maps and crop bulletins a month or so after harvesting was completed. As in previous years there were two protein maps (one preliminary and one final), two bulletins on wheat, one on barley, and one on flax and rapeseed. In addition to a wide distribution of these publications made by the Laboratory from its extensive mailing lists, large supplies of some of them were turned over to the Canadian Wheat Board for separate mailing. Two thousand copies of the bulletin on the quality of the new wheat crop were also sent to the Grain Division, Department of Trade and Commerce, Ottawa, for distribution to overseas buyers of Canadian wheat and flour by Canadian Trade Commissioners. Press releases preceded publications of the maps and bulletins, and much of the information reported was presented at the meeting of the Committee on Western Grain Standards held in Winnipeg on October 23.

Regular publication of the two series of quarterly bulletins, one on the quality of spring wheat cargoes and one on the quality of durum wheat cargoes, was continued throughout 1958. Some changes in the form of the bulletins and in methods of testing were introduced at the beginning of the 1958-59 crop year, and issues for the first quarter embodied these modifications. More data are now presented than formerly and comments on the quality of the grades exported have been shortened. These quarterly bulletins are among the most popular of the Laboratory's publications, and requests for additional copies have increased every year since they were issued.

SERVICE TO THE INSPECTION BRANCH

During the year, the Laboratory maintained close co-operation with the Inspection Branch by providing technical information and service required for grading and other problems. Comprehensive quality tests were made on the tentative Standard and Standard Export samples submitted for approval by the Committee on Western Grain Standards. Special tests were made on different types and classes of grain to provide information to assist in grading. For example, malting tests confirmed the claims of maltsters and brewers that peeled barley is low in germination, extract yield and enzymatic activity, and

contains moulds that carry undesirable products into the brewhouse; milling and baking tests showed that severely weathered wheat gives flour that is low in baking strength and inferior in dough and loaf qualities. Supervision of moisture testing and of equipment in Inspection offices was continued as one of the Laboratory's responsibilities, and during the year the number of C.A.E. electrical moisture meters installed was increased to 17. Electrical moisture meters are being used in Inspection offices to segregate grain of low moisture content that would otherwise require testing by the longer Brown-Duvel method. The Laboratory completed conversion charts for the 3.5 inch cell, to be used with meters in the Inspection office at Chatham.

VARIETY TESTING

As in previous years the Laboratory took a major part in studies of the quality of spring wheat, durum wheat and malting barley varieties grown by Canadian plant breeders. These annual studies are sponsored by the Associate Committee on Grain Research. Three spring wheat varieties that have been studied for several years are now being tested, in comparison with Marquis, in a large collaborative study by chemists in Great Britain, Germany, the Netherlands, Belgium, Japan, the United States and Canada. Each chemist will make independent tests by his own methods, and it is expected that their reports will be available for study early next year. Testing procedures for spring wheat varieties are being expanded to include methods that are in general use in some importing countries. Information obtained from these supplementary tests is expected to broaden our knowledge of what constitutes quality in bread wheats, and should be useful in selecting better quality material for use as parent stock plant breeders. Good progress has been made in developing laboratory dehulling techniques for detecting loose-hulled varieties of barley, and pearling and pressing tests have provided useful data for evaluating barley that is used for processing as food. Good use continues to be made by plant breeders of data from small-scale prediction tests developed by the Laboratory for segregating promising durum wheat and barley hybrids in early generation material, and studies are being continued to develop similar methods for spring wheat varieties. In addition to the annual variety studies mentioned, the laboratory has continued to make quality tests on varieties grown in the Uniform Quality Nursery. This Nursery is maintained by Canadian plant breeders to provide material for quality tests on parent stock required in the breeding program. The resulting catalogue of quality characteristics for a wide range of varieties helps the plant breeder to select parents for new crosses that will combine desirable agronomic and quality characteristics.

SERVICES TO OTHER ORGANIZATIONS

Requests for laboratory services and technical advice by the Canadian Wheat Board, the Grain Division of the Department of Trade and Commerce, and other Government bodies have continued to increase somewhat over the previous year. A good portion of this liaison work relates to promotion of sales of Canadian grain and often involves comparisons with grain from other countries. Frequent requests for information on the quality of different grades and types of Canadian grain were received from various sources, and considerable time was required to deal with them.

Close co-operation has been maintained with the Brewing and Malting Barley Research Institute, Winnipeg; with the Cereal Quality Section, Canada.

RESEARCH

Two factors this past year have disturbed the normal program of the Laboratory. The outfitting of new laboratories and the refitting of some older ones has caused some disruption in the flow of work although no essential operations have been affected. In addition, the Basic Wheat Research section has been rather short staffed, with Dr. Bushuk and Mr. Birnboim absent on academic leave, and with Dr. Cunningham resigning in August. By the end of the year, however, most of the changes were completed and with the new facilities, the program of routine testing, applied research and basic research is once again functioning smoothly and efficiently.

In applied research on wheat, systematic studies of bread wheats and durum wheats competing with Canadian wheats in the European market have been started. Research into better testing methods is continuing, and an improved baking method has been developed and is now in use. Improvements have been made in our milling equipment and our results now closely resemble those of commercial mills; work with the Experimental Wheat Conditioner has been started. A number of quality tests, used in countries which import Canadian wheat but not used on this continent, are being studied and evaluated.

The applied research project on the quality of stored flour is continuing and a constant check is being maintained on the quality of wheat in store in Western Canada.

In applied research on wheat, systematic studies of bread wheats and absorption is being studied to provide a basis for fundamental studies of dough rheology using the Farinograph. A new technique, light scattering, has been applied to studies of flour constituents and the recently developed amperometric titration technique has been utilized in extensive studies of the sulfhydryl group in flour. A quantitative relationship has been established between bromate concentration in dough and the relaxation constant, while other aspects of the general study of physical properties of dough are being developed.

In barley research, more units of the new-type malting equipment are being assembled, following the success of the initial installation. Pilot brews have been prepared by the Brewing and Malting Barley Research Institute from malts made in the new equipment. The compounds responsible for wort nitrogen are being separated by electrophoresis and malting studies of low, medium and high wort nitrogen varieties are being made. The cytolytic enzymes continue to receive attention and some success has been achieved in separating this enzyme system into several components.

STAFF AND FACILITIES

The second award of the National Research Council Postdoctorate Fellowship tenable in the Board's Laboratory, was made to Dr. A. H. Bloksma of the Institute for Cereals, Flour and Bread, T.N.O., Netherlands who arrived in August. Professor Matsumoto, the first Fellow to come, returned to Japan in July. Dr. Bloksma is working with Dr. Hlynka in dough rheology. Mr. G. S. Bains of the Central Food Technological Research Institute, Mysore, India, is a Colombo Plan Fellow who is spending a year in the Laboratory working in the Applied Wheat Research section with Dr. Irvine.

Dr. W. Bushuk has returned to the Laboratory after a year's postdoctoral study at Strasbourg, France. Mr. M. H. Birnboim is now in his last year of study for a Ph.D. degree at the University of Wisconsin.

One addition has been made to the professional staff during the year, Mr. E. Aston, who is working in the Applied Wheat Research section, and one addition has been made to the subprofessional staff. With regret the Basic

Wheat Research section lost one of its senior chemists, Dr. D. K. Cunningham, who resigned in August to accept a position in the United States. The two summer student positions were filled this year by Mr. E. J. Zebrowski and Mr. M. A. J. Morello.

Fitting out of the additional space acquired last year is nearly completed. The new milling and baking laboratories are now in operation and the Basic Wheat Research section has been rehoused on the eighth floor. Only two operations remain, moving the malting laboratory to the main floor and refitting the space on the eighth floor for the Applied Wheat Research section. This work should be completed before the middle of the coming year.

OVERSEAS VISITS AND VISITORS

Dr. Anderson was a member of the Minister's mission to the United Kingdom, the Netherlands, Belgium and Western Germany, and subsequently visited France, Switzerland, Italy, Austria and Hungary.

Dr. Hlynka and Dr. A. G. McCalla, Dean of Graduate Studies and Agriculture, University of Alberta, undertook a mission to Japan and gave special attention to cereal research in government, university and commercial laboratories.

A group of distinguished cereal chemists from Western Germany spent several days in the laboratory during a tour of Canada. The mission comprised Professor P. F. Pelshenke, Dr. K. Ritter, and Dr. E. Fritsch, together with Dr. H. Schmitz of the Department of Food, Agriculture and Forestry.

APPENDIX I

CANADIAN GOVERNMENT ELEVATORS

A. E. JACOBSON, General Manager

In accordance with the provisions of Section 166 of the Canada Grain Act and Order-in-Council P.C. 1372 of August 19, 1925, the Board manages and operates five interior terminal elevators at Moose Jaw, Saskatoon, Calgary, Edmonton and Lethbridge, and one terminal elevator at Prince Rupert, and leases one terminal elevator at Port Arthur.

In the 1957-58 crop year, interior and Prince Rupert elevators were operated under Semi-Public Terminal Elevator licences. Port Arthur continued under lease to McCabe Grain Company Limited.

HANDLINGS

Receipts at 17.4 million bushels in the 1957-58 crop year were 2½ per cent higher than the previous year. Shipments at 18.1 million bushels were 3.5 per cent lower. Shipments were .7 million bushels higher than receipts reflecting a lower-in-store figure at the end of the crop year. Receipts of wheat and barley at 13.4 million bushels constituted 75 per cent of total receipts. Receipts of rapeseed were substantial, amounting to 3.7 million bushels. Shipments were 3.1 million. This grain was handled at the Saskatoon, Calgary and Edmonton elevators. Receipts at Prince Rupert were composed entirely of barley. Receipts and shipments by elevators were:

Elevator	Capacity	Stocks August 1, 1957	Net Receipts	Net Shipments	Stocks July 31, 1958
	million bu.	bu.	bu.	bu.	bu.
Moose Jaw.....	5.50	5,395,723	255,158	255,158	5,395,723
Saskatoon.....	5.50	3,272,128	2,394,505	2,475,325	3,171,128
Calgary.....	2.50	1,277,060	2,776,510	3,063,152	995,060
Edmonton.....	2.35	842,982	1,330,782	1,631,722	543,940
Lethbridge.....	1.25	692,714	354,816	146,673	908,585
Prince Rupert.....	1.25	349,697	10,357,022	10,562,860	134,890
Totals.....	18.35	11,830,304	17,468,793	18,134,890	11,149,326

CHARGES

Storage charges at all elevators remained unchanged: Interior elevators at 1/45c, Prince Rupert at 1/30c per bushel per day. Storage and elevation charges at Prince Rupert are the same as in effect at the Lakehead and other Pacific Coast ports. Elevation charges at the interior elevators on wheat, oats, barley and corn are 1¼c per bushel, 1c per bushel lower than charges at the Lakehead and Pacific coast ports; rye at 1¼c per bushel, flax at 2¾c per bushel, are both 1½c per bushel lower than at the Lakehead and Pacific coast.

MAINTENANCE

Good maintenance practice with respect to buildings, machinery and trackage was continued. Under direction of the General Manager, a Repair and Reconstruction Unit has been created within the Canadian Government Elevators organization. It is fully equipped with construction machinery and will be responsible for the maintenance of buildings and structures at all elevators in good repair and condition. It was engaged in repair of concrete walls and supports at the Saskatoon elevator during 1958. Obsolete lighting panels at Moose Jaw, Saskatoon and Calgary were replaced with new equipment. Garner Alarm Signal systems were installed in those elevators. The Dust Control System at the Saskatoon elevator, commenced in 1957, was completed. Millwright workshops at all elevators have been equipped with power machinery sufficient to take care of all repairs to machinery, steel spouts, etc., except for very heavy repair work.

STAFF

Staff employed as at December 31, 1958, compared with figures at December 31, 1957, is as follows:

	1958		1957	
	Continuing Establishment	Casuals	Continuing Establishment	Casuals
Winnipeg (Head Office).....	8	—	8	—
Moose Jaw.....	31	1	31	1
Saskatoon.....	33	11	29	10
Calgary.....	33	—	32	2
Edmonton.....	32	—	30	—
Lethbridge.....	20	—	19	3
Prince Rupert.....	34	22	29	17
Repair and Reconstruction Unit.....	—	12	—	—
	191	46	178	33

REVENUE AND EXPENDITURE

Revenue and expenditure for the fiscal year 1957-58 compared with the previous fiscal year were as follows:

	1957-58	1956-57
Revenue.....	\$1,826,404	\$1,982,430
Expenditure.....	1,358,617	1,323,293
Surplus.....	467,787	659,137

For the first nine months of the current fiscal year revenue was \$1,727,269, and expenditure was \$1,090,994.

APPENDIX J

TABLE J-1.—EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM, FISCAL YEAR ENDED MARCH 31, 1958

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	\$	\$	\$	\$	\$
WINNIPEG					
Executive.....	65,504.10	12,312.81	6,181.97	12,867.90	96,866.78
Assistant Commissioners.....	11,354.96	807.80	1,981.03	596.66	14,640.45
License and Bonding.....	26,748.48	2,520.00	288.30	2,318.24	31,875.02
Registration.....	37,260.97	4,184.33	370.45	683.67	42,499.42
Research Laboratory.....	186,149.00	22,309.09	8,504.60	58,233.11	275,195.80
Statistics.....	89,475.17	15,308.78	802.52	30,634.29	136,220.76
Appeal Tribunal.....	6,615.00	598.44	—	1,286.18	8,499.62
Standards Committee.....	—	—	2,369.10	1,830.00	4,199.10
Inspection.....	641,358.92	27,045.21	2,251.88	33,059.97	503,715.98
Weighing.....	64,116.66	1,623.23	1,496.59	1,810.00	69,046.48
CHURCHILL					
Inspection.....	25,971.84	.66	5,259.47	567.78	31,799.75
Weighing.....	14,951.66	.34	3,473.09	249.77	18,674.86
KEEWATIN					
Inspection.....	6,245.05	—	—	5.90	6,250.95
Weighing.....	9,820.38	—	—	43.47	9,863.85
SASKATOON					
Assistant Commissioner.....	12,079.96	—	2,059.74	185.52	14,325.22
Inspection.....	41,597.33	877.00	—	1,376.55	43,850.88
Weighing.....	31,650.74	—	288.45	21.50	31,960.69
MOOSE JAW					
Inspection.....	33,985.58	1,440.00	124.00	1,016.16	36,565.74
Weighing.....	17,684.38	—	394.57	14.32	18,093.27
MEDICINE HAT					
Inspection.....	12,069.77	841.00	—	236.17	13,146.94
Weighing.....	9,812.76	—	130.30	31.20	9,974.26
LETHBRIDGE					
Inspection.....	12,012.70	—	293.65	273.88	12,580.23
Weighing.....	6,050.94	—	200.77	20.00	6,271.71
REGINA					
Assistant Commissioner.....	11,707.46	1,897.56	2,075.55	356.13	16,036.70
CALGARY					
Inspection.....	114,153.92	7,297.00	106.35	4,438.82	125,996.09
Weighing.....	52,882.91	792.00	1,337.26	450.59	55,462.76
Appeal Tribunal.....	8,121.43	987.00	477.17	1,690.22	11,275.82
EDMONTON					
Inspection.....	135,961.37	8,604.00	944.05	5,225.81	150,735.23
Weighing.....	15,408.82	—	81.45	97.80	15,588.07
Appeal Tribunal.....	3,285.00	1,170.00	202.95	948.61	5,606.56
Assistant Commissioner.....	12,079.96	1,992.00	3,288.14	301.97	17,662.07
VANCOUVER					
Inspection.....	215,037.48	6,965.40	466.35	6,486.60	228,955.83
Weighing.....	201,632.98	2,675.40	603.58	3,296.47	208,208.43
Registration.....	11,545.00	1,795.20	—	273.71	13,613.91
FORT WILLIAM					
Inspection.....	806,006.21	20,388.00	8,824.55	15,342.52	850,561.28
Weighing.....	628,650.14	4,380.00	23,814.69	9,223.05	666,067.88
TORONTO					
Inspection.....	9,423.86	1,200.00	344.75	514.70	11,483.31
Weighing.....	4,655.00	—	—	—	4,655.00
MONTREAL					
Inspection.....	110,021.71	5,418.00	10,278.65	3,033.87	128,752.23
Weighing.....	5,547.50	1,178.28	774.09	430.43	7,930.30
Registration.....	18,075.00	2,388.72	—	886.21	21,349.93

TABLE J-1.—EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM, FISCAL YEAR ENDED MARCH 31, 1958—Concluded

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	\$	\$	\$	\$	\$
CHATHAM					
Inspection.....	39,886.27	1,380.00	12,220.98	1,354.45	54,841.70
PRINCE RUPERT					
Inspection.....	13,120.26	—	2,236.66	29.18	15,386.10
Weighing.....	11,789.46	—	703.72	52.00	12,545.18
VICTORIA					
Inspection.....	11,176.61	—	259.82	68.84	11,505.27
Weighing.....	8,802.13	—	228.71	—	9,030.84
OTTAWA					
Inspection.....	12,560.00	25.00	2,884.93	191.75	15,661.68
Totals.....	3,824,046.83	160,402.25	108,624.88	202,055.97	4,295,129.93

TABLE J-2.—ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1958

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	\$	\$	\$	\$
WINNIPEG				
Executive.....	—	—	200.00	200.00
License and Bonding.....	29,131.00	—	—	29,131.00
Registration.....	24,643.03	—	6.27	24,649.30
Appeal Tribunal.....	1,668.00	—	—	1,668.00
Research Laboratory.....	—	—	—	—
Inspection.....	309,954.44	8,984.04	3,545.00	322,483.48
Weighing.....	27,571.67	—	1,616.90	29,188.57
CHURCHILL				
Inspection.....	52,765.92	—	—	52,765.92
Weighing.....	26,382.96	—	—	26,382.96
KEEWATIN				
Inspection.....	6,500.40	—	373.02	6,873.42
Weighing.....	8,273.46	—	505.98	8,779.44
SASKATOON				
Inspection.....	24,644.67	834.34	—	25,479.01
Weighing.....	12,606.71	—	—	12,606.71
MOOSE JAW				
Inspection.....	9,809.27	344.72	88.64	10,242.63
Weighing.....	5,164.31	—	—	5,164.31
MEDICINE HAT				
Inspection.....	9,268.34	282.74	—	9,551.08
Weighing.....	6,106.86	—	486.88	6,593.74
LETHBRIDGE				
Inspection.....	3,791.78	331.18	—	4,122.96
Weighing.....	1,337.35	—	—	1,337.35
CALGARY				
Inspection.....	111,478.76	2,619.44	642.65	114,740.85
Weighing.....	20,363.19	—	820.16	21,183.35
Appeal Tribunal.....	2,112.00	—	—	2,112.00
EDMONTON				
Inspection.....	86,282.07	2,062.44	555.66	88,900.17
Weighing.....	3,313.14	—	53.82	3,366.96
Appeal Tribunal.....	1,044.00	—	—	1,044.00

TABLE J-2.—ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1958—Concluded

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	\$	\$	\$	\$
VANCOUVER				
Inspection.....	315,568.13	10,540.29	646.13	326,754.55
Weighing.....	241,730.52	—	258.75	241,989.27
Registration.....	13,057.92	—	—	13,057.92
VICTORIA				
Inspection.....	8,625.42	154.98	—	8,780.40
Weighing.....	6,166.20	—	—	6,166.20
PRINCE RUPERT				
Inspection.....	15,192.59	158.53	—	15,351.12
Weighing.....	10,931.57	—	—	10,931.57
FORT WILLIAM				
Inspection.....	588,813.65	8,197.21	1,551.67	598,562.53
Weighing.....	443,940.77	—	3,172.94	447,113.71
TORONTO				
Inspection.....	4,419.53	91.50	174.44	4,685.47
Weighing.....	4,655.00	—	—	4,655.00
CHATHAM				
Inspection.....	42,594.48	646.80	1,832.95	45,074.23
MONTREAL				
Inspection.....	12,745.30	420.80	3,470.60*	16,636.70
Weighing.....	.20	—	—	.20
Registration.....	8,343.85	—	—	8,343.85
Totals.....	2,500,998.46	35,669.01	20,002.46	2,556,669.93

(a) Details in Table J-4.

*Includes \$2,952.79 Refund of Previous Year's Expenditure.

TABLE J-3.—ACCRUED REVENUE AND NET EXPENDITURE, BY POINTS AND BRANCHES, FISCAL YEAR ENDED MARCH 31, 1958

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Winnipeg.....	322,483.48	29,188.57	1,668.00	24,649.30	29,131.00	—	—	—	200.00	407,320.35
Churchill.....	52,765.92	26,382.96	—	—	—	—	—	—	—	79,148.88
Keewatin.....	6,873.42	8,779.44	—	—	—	—	—	—	—	15,652.86
Saskatoon.....	25,479.01	12,606.71	—	—	—	—	—	—	—	38,085.72
Moose Jaw.....	10,242.63	5,164.31	—	—	—	—	—	—	—	15,406.94
Medicine Hat.....	9,551.08	6,593.74	—	—	—	—	—	—	—	16,144.82
Lethbridge.....	4,122.96	1,337.35	—	—	—	—	—	—	—	5,460.31
Calgary.....	114,740.85	21,183.35	2,112.00	—	—	—	—	—	—	138,036.20
Edmonton.....	88,900.17	3,366.96	1,044.00	—	—	—	—	—	—	93,311.13
Vancouver.....	326,754.55	241,989.27	—	13,057.92	—	—	—	—	—	581,801.74
Victoria.....	8,780.40	6,166.20	—	—	—	—	—	—	—	14,946.60
Prince Rupert.....	15,351.12	10,931.57	—	—	—	—	—	—	—	26,282.69
Fort William.....	598,562.53	447,113.71	—	—	—	—	—	—	—	1,045,676.24
Toronto.....	4,685.47	4,655.00	—	—	—	—	—	—	—	9,340.47
Chatham.....	45,074.23	—	—	—	—	—	—	—	—	45,074.23
Montreal.....	16,636.70	.20	—	8,343.85	—	—	—	—	—	24,980.75
Ottawa.....	—	—	—	—	—	—	—	—	—	—
Totals.....	1,651,004.52	825,459.34	4,824.00	46,051.07	29,131.00	—	—	—	200.00	2,556,669.93

TABLE J-3.—ACCRUED REVENUE AND NET EXPENDITURE, BY POINTS AND BRANCHES, FISCAL YEAR ENDED MARCH 31, 1958—Concluded

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE										
Winnipeg.....	703,715.98	69,046.48	8,499.62	42,499.42	31,875.02	136,220.76	275,195.80	4,199.10	111,607.23	1,382,859.41
Churchill.....	31,799.75	18,674.86	—	—	—	—	—	—	—	50,474.61
Keewatin.....	6,250.95	9,863.85	—	—	—	—	—	—	—	16,114.80
Saskatoon.....	43,850.88	31,960.69	—	—	—	—	—	—	14,325.22	90,136.79
Moose Jaw.....	36,565.74	18,093.27	—	—	—	—	—	—	—	54,659.01
Medicine Hat.....	13,146.94	9,974.26	—	—	—	—	—	—	—	23,121.20
Lethbridge.....	12,580.23	6,271.71	—	—	—	—	—	—	—	18,851.94
Regina.....	—	—	—	—	—	—	—	—	16,036.70	16,036.70
Calgary.....	125,996.09	55,462.76	11,275.82	—	—	—	—	—	—	192,734.67
Edmonton.....	150,735.23	15,588.07	5,606.56	—	—	—	—	—	17,662.07	189,591.93
Vancouver.....	228,955.83	208,208.43	—	13,613.91	—	—	—	—	—	450,778.17
Victoria.....	11,505.27	9,030.84	—	—	—	—	—	—	—	20,536.11
Prince Rupert.....	15,386.10	12,545.18	—	—	—	—	—	—	—	27,931.28
Fort William.....	850,561.28	666,067.88	—	—	—	—	—	—	—	1,516,629.16
Toronto.....	11,483.31	4,655.00	—	—	—	—	—	—	—	16,138.31
Chatham.....	54,841.70	—	—	—	—	—	—	—	—	54,841.70
Montreal.....	128,752.23	7,930.30	—	21,349.93	—	—	—	—	—	158,032.46
Ottawa.....	15,661.68	—	—	—	—	—	—	—	—	15,661.68
Totals.....	2,441,789.19	1,143,373.58	25,382.00	77,463.26	31,875.02	136,220.76	275,195.80	4,199.10	159,631.22	4,295,129.93

TABLE J-4.—SUMMARY OF OPERATIONS BY BRANCHES, FISCAL YEAR ENDED MARCH 31, 1958

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Fees.....	1,602,454.75	818,543.91	4,824.00	46,044.80	29,131.00	—	—	—	—	2,500,998.46
Samples Sold.....	35,669.01	—	—	—	—	—	—	—	—	35,669.01
Other Revenue:										
Overtime Refunded.....	5,915.47	6,897.43	—	—	—	—	—	—	—	12,812.90
Express Charges.....	3,859.50	—	—	—	—	—	—	—	—	3,859.50
Jury Fees.....	153.00	18.00	—	—	—	—	—	—	—	171.00
Fines.....	—	—	—	—	—	—	—	—	200.00	200.00
Refund of Previous Year's Expenses.....	2,952.79	—	—	—	—	—	—	—	—	2,952.79
Miscellaneous Revenue.....	—	—	—	6.27	—	—	—	—	—	6.27
Totals.....	1,651,004.52	825,459.34	4,824.00	46,051.07	29,131.00	—	—	—	200.00	2,556,669.93
EXPENDITURE										
Salaries.....	2,240,588.88	1,083,456.46	18,021.43	66,880.97	26,748.48	89,475.17	186,149.00	—	112,726.44	3,824,046.83
Rent.....	81,481.27	10,649.25	2,755.44	8,368.25	2,520.00	15,308.78	22,309.09	—	17,010.17	160,402.25
Travel.....	46,496.09	33,527.27	680.12	370.45	288.30	802.52	8,504.60	2,369.10	15,586.43	108,624.88
General Expenses.....	56,781.84	11,192.88	3,913.10	1,475.42	1,489.70	5,052.77	52,624.26	1,830.00	13,051.63	147,411.60
Printing and Stationery.....	16,441.11	4,547.72	11.91	368.17	828.54	25,581.52	5,608.85	—	1,256.55	54,644.47
Total.....	2,441,789.19	1,143,373.58	25,382.00	77,463.26	31,875.02	136,220.76	275,195.80	4,199.10	159,631.22	4,295,129.93

APPENDIX K

REGULATIONS

Regulations in effect December 31, 1958, made in accordance with the provisions of the Canada Grain Act

Regulation
No.

- 1 Registration and Cancellation of Terminal Elevator Warehouse Receipts.
- 2 Registration and Cancellation of Eastern Warehouse Receipts and Transfer Receipts.
- 3 Plans re Terminal and Eastern Elevators.
- 4 Cleaning of Grain and Bins.
- 5 Off Grades for Western Grain.
- 6 Off Grades for Eastern Grain.
- 7 Grades for Screenings.
- 8 Inspection of Samples taken other than at an Inspection Point.
- 9 Appeals from Inspecting Officers to Grain Appeal Tribunals.
- 10 Delivery of Grain to Ocean Vessels at Montreal, Quebec.
- 11 Delivery of Grain to Ocean Vessels at West Saint John, N.B.
- 12 Delivery of Grain to Ocean Vessels at East Saint John, N.B.
- 13 Delivery of Grain to Ocean Vessels at Halifax, N.S.
- 14 Enforcement of Lien by Sale of Grain.
- 15 Drying of Grain.
- 16 Fees.
- 17 Records, Reports and Returns.
- 18 Procedure, Country Elevators.
- 19 Receipt for Grain Delivered to Private Country Elevators and Mill Elevators.
- 20 Maximum Tariff of Charges, Eastern Elevators.
- 21 Maximum Tariff of Charges and Shrinkage Allowance, Country Elevators.
- 22 Maximum Tariff of Charges, Terminal Elevators.
- 23 Applications for Licences, and Terms and Conditions under which Licences are issued.
- 24 Storage in Transit of Grain Grown Outside Canada.
- 25 Tickets and Receipts—Country Elevators.
- 26 Grain Treated with Poisonous Materials.
- 27 Shipment of Infested Grain.

Mr. KORCHINSKI: I notice on page 20 that country elevator licensees were authorized to use 389 off-site grain storage buildings; is it the policy to continue off-site storage?

Mr. LOPTSON: No. Our policy is that as soon as the wheat board empties off-site storage, we will refuse to license those buildings.

Mr. KORCHINSKI: How is it that they were renewed?

Mr. LOPTSON: Because they still had grain in them.

Mr. FORBES: Would it be fair to ask if these members of the grain standards board get paid?

Mr. LOPTSON: Yes, while they are on duty. They are paid from the time they leave their home until they return. They receive \$20 a day and expenses.

The CHAIRMAN: Are there any other questions, gentlemen?

Mr. HORNER (*Jasper-Edson*): Does your department run tests for chemicals—treated grains getting into the milling industry, or is this handled under food and drugs?

Dr. IRVINE: If the inspection department detect anything of this sort, they refer a sample to the laboratory and we do a chemical test on it.

Mr. KORCHINSKI: When sending a sample to the board, is the decision by the board final?

Mr. LOPTSON: They can appeal to the grain tribunal board.

Mr. KORCHINSKI: How do you do that?

Mr. LOPTSON: You can send in a sample; they have a collection fee of \$3.

Mr. HORNER (*Acadia*): Has your research department done any study in regard to the question of strontium 90, or is that matter left to another research department?

Dr. IRVINE: That question is one which I think has been raised in the house; our laboratory is not equipped to deal with that. It requires very specialized equipment and, therefore, is handled by other departments of the government which are so equipped.

Mr. RAPP: I would like to ask if there is any research being done by the National Research Council in Saskatoon with oil-bearing seeds. I think there was at one time some scholarships awarded to certain chemists out there who did some research along those lines. What is the latest on that? How far have they gone or how much have they found out as to whether or not it can be used as an edible oil?

Dr. IRVINE: This is something that is not in my area, but I can give you what I recall of it. An investigation was made of the components, the fatty acids in the oil seeds, and they are particularly concerned with the possible development of specific varieties of rapeseed which have specific ratios of oil which are more useful than certain other ratios. This work is being proceeded with, but what will come from that I could not say.

Mr. RAPP: Your own laboratory does not engage in that kind of work?

Dr. IRVINE: We do not do research into component oils. We report merely the oil content.

Mr. McINTOSH: I have a couple of questions, Mr. Chairman. In appendix D, what is the meaning of the term "registered for cancellation"?

Mr. LOPTSON: Mr. Baxter, will you answer that question?

Mr. BAXTER: Our lots of grain moving into a terminal elevator have a warehouse or an eastern transfer receipt, depending on whether it is in the terminals at the Lakehead or on the Pacific coast. It has a receipt issued against it. When that grain moves out, that warehouse receipt must be presented for cancellation. "Registered for cancellation" is just an expression of that. The idea behind it is that the grain document, the warehouse receipt, can be used as collateral against the grain. Therefore, when it moves out of storage, the protection to the person loaning the money against that, principally the banks, is that that receipt must come back and be presented to our registration office for cancellation. Therefore, the person owning the grain cannot continue to have money against it.

Mr. McINTOSH: My second question comes under appendix E. I was under the impression that the board of grain commissioners dealt solely with grain that came under the Canadian wheat board but, apparently, that is not so. You have referred here to soya beans in Ontario and pea beans in Ontario.

Mr. LOPTSON: We have an eastern standards committee that sets up the grades for eastern grain.

Mr. McINTOSH: Under the grain commission?

Mr. LOPTSON: Yes.

Mr. McINTOSH: Who are the representatives on the board?

Mr. LOPTSON: They are listed here.

Mr. McINTOSH: In all localities?

Mr. LOPTSON: Yes, on page 18.

Mr. HORNER (*Acadia*): I have a question in connection with appendix H—"estimated quality of 1958 crops". I notice with a great deal of pleasure that it states about 90 per cent of the spring wheat is expected to grade No. 3 or higher and for the first time in several years there is a fairly large volume of No. 1 northern. I wonder if you could give an estimate as to what that percentage might be; is that going too far at the present time?

Mr. LOPTSON: Yes, I am afraid so.

Dr. IRVINE: That comment there, of course, is an estimate based on early sampling of the wheat. The final position will be very difficult to assess, because the grain inspection department is inspecting grain as it comes forward and it may be from this year's crop, last year's crop or a crop five years ago. So that estimate, which we base on samples from country elevators, which they know to be new crop wheat, is about the only way we can make a guess, in these times when we have a large carryover, as to what the grade of the crop is.

Mr. KORCHINSKY: With reference to malting barley, does the board confirm the fact the barley may be malt in quality?

Mr. LOPTSON: We only grade to grade; we have nothing to do with the malting qualities.

Mr. HORNER (*Jasper-Edson*): If a farmer wants to know whether or not it is malting, do you do the test?

Mr. LOPTSON: Yes, our laboratory does the testing.

Dr. IRVINE: We do not actually encourage farmers to send in samples for tests on malting quality. When the grade is assigned as a malting grade, this is evidence of its malting quality.

Mr. HORNER (*Acadia*): I have one more question, under appendix (I), Charges. It says at the bottom of the page:

Storage charges at all elevators remained unchanged: Interior elevators at 1/45c, Prince Rupert at 1/30c per bushel per day.

A year or two ago there was a statement put out that there was a terminal elevator at Vancouver that was practically empty and nobody seemed to know why it was empty. Would that be because of the reluctance of elevator companies to move grain into that area where the storage is less?

Mr. LOPTSON: Are you referring to a terminal in Vancouver?

Mr. HORNER (*Acadia*): Yes.

Mr. LOPTSON: There was a national harbours board terminal in Vancouver that was in bad repair, and I believe a large grain company said they would use it if they repaired it; and I understand that it has since been repaired and has been rented out to the pool.

Mr. HORNER (*Acadia*): There is no reluctance on the part of the elevator companies to move grain into these interior elevators where the storage is less?

Mr. LOPTSON: No.

Mr. McINTOSH: On page 62, under the revenue table, the last line says: "Includes \$2,952.79 refund of previous year's expenditure". What is meant by that? That is inspection at Montreal.

Mr. LOPTSON: I think we can get that information for you from our Winnipeg office, but I am bound to say we just have not got a reply to it.

Mr. SOUTHAM: On page 58, under the table Handlings, I notice for Moose Jaw and Saskatoon, 1957-58—Moose Jaw, net receipts, 255,158; net shipments, 255,158. For Saskatoon—right underneath—you have there net receipts of 2,394,505, but in the same period the figure for net shipments is 2,475,325—bushels, I presume. What is the big difference there?

Mr. RAPP: It is a bigger place, a nicer place.

Mr. SOUTHAM: Why is there such a big difference in places with such a close proximity? The difference is around 2 million bushels? Has it to do with the quality of grain, or is it because one is closer to the Churchill port for shipments?

Mr. BAXTER: The Moose Jaw elevator was full, and the actual handling, I believe, to a large extent consisted of what were called "bad order" cars that were loaded in there by the railway company on a "weigh-in, reload" basis. But, actually, from the point of view of stock, I do not believe Moose Jaw had any grain coming in, in the way of grain being put in bins and left there for some time and other grain going out. Saskatoon had a more or less normal operation; Saskatoon did ship to Churchill.

Mr. HORNER (*Jasper-Edson*): Most of the barley that comes to Prince Rupert comes from the northern Alberta area, does it?

Mr. LOPTSON: Most of it comes from the northern part of Alberta; but some does come from other parts.

Mr. KORCHINSKI: Do you study new methods of milling in your research laboratory so as to improve our bread quality?

Dr. IRVINE: In the laboratory we have only a small mill which handles samples of the order of five pounds of wheat. Accordingly, it is very difficult for us to develop new methods of milling which we could hand over to a mill processing several thousand tons a day. We do carry out research on methods of experimental milling, whereby we try to get closer and closer results to those which would be obtained by a large commercial mill milling the same wheat as we do. We have made very good progress along those lines. We attempt to get the same kind of result as large mills would.

Mr. MCINTOSH: Did Mr. Southam get an answer to his question about Moose Jaw—5½ million bushels; and apparently there are only 255,000 in it, as compared with Saskatoon—with the same capacity—which has over 2 million bushels in it. That is on page 58.

Mr. BAXTER: I thought I had covered that from the point of view that the Moose Jaw elevator was filled with grain at the beginning of the crop year. It is wheat board grain that is in there, and it was their decision that they should leave it there and they would move grain from other sources, whereas the Saskatoon elevator was engaged in what might be termed normal grain handling from the point of view of terminal operation. The 255,000 bushels handled at Moose Jaw was just as a service to the railways and the shippers. Something had gone wrong with the car—it was leaking, or something else—and the grain was moved in there, unloaded and reloaded into another boxcar. It really did not operate.

Mr. HORNER (*Acadia*): Further along that line—looking at this table on page 58, you have two elevators with an identical capacity, and with regard to stocks for August, 1957, Moose Jaw is full and Saskatoon has 3 million bushels—about two-thirds full. The net receipts of grain into those elevators—you have 255,000 in Moose Jaw, 2 million and some thousand in Saskatoon.

Net shipments, Moose Jaw 255,000, and 2 million out of Saskatoon. It appears to me that Moose Jaw stood still and Saskatoon has moved grain to a large extent.

Mr. LOPTSON: Did you say Moose Jaw was full?

Mr. HORNER (*Acadia*): Moose Jaw had stood still. There is no grain moving in and out of Moose Jaw.

Mr. LOPTSON: That is correct. That is a wheat board matter.

Mr. HORNER (*Acadia*): I realize that; but we got on to this table and I thought I would clear up that point.

Mr. KORCHINSKI: What method does the board use to compile the information required to produce a protein map?

Dr. IRVINE: The information on which our protein map is based is a result of the collection of samples which I mentioned, which are used to get the percentages of the various grades in the individual crop.

We get those samples from the elevator companies in the three prairie provinces and we attempt to weigh the number of samples from each point as they relate to the amount of wheat harvested in that particular area.

Mr. KORCHINSKI: I have one final question, and that is this: the grain inspectors—when they sample the grain, do they know what elevator the grain comes from?

Mr. FRASER: I am sorry, I did not hear your question.

Mr. KORCHINSKI: Suppose I sent a sample—I would have to send my name with the sample, would I not?

Mr. FRASER: If you send in a two-pound sample, it is identified by your name.

Mr. KORCHINSKI: I beg your pardon; would you mind repeating that?

Mr. FRASER: You are referring to a two-pound sample that you send in? You will identify the sample with your name.

Mr. KORCHINSKI: Yes; but when the inspector receives my sample, my name is naturally on the sample. As the inspector is coming along, he may see my name on it and what area it has come from?

Mr. FRASER: Yes.

Mr. KORCHINSKI: This is the impression a lot of farmers have, that immediately the inspector glances up and sees what area the grain has come from, he will think, "That should be somewhere around 3. That is a sample of 3 and 4, so we will give him the benefit of the doubt and call it 3".

Mr. LOPTSON: That does not happen.

Mr. KORCHINSKI: I would like that on the record. Are you denying that, or confirming it?

Mr. FRASER: Your name and your station is a matter of recording after the grade has been assigned by the inspector grading the sample.

Mr. KORCHINSKI: When these samples come in, does some man come along and set up the samples, and does another man come along and inspect them?

Mr. FRASER: He has one or two assistants who attend to recording the proportion of the sample for inspection; and when the sample is on the table in front of the inspector he is not interested in nor refers to any information as to who owns the grain or from where it comes.

Mr. KORCHINSKI: I am not implying that he is interested, but is there not a possibility these assistants could have that information at their finger-tips?

Mr. FRASER: Yes.

Mr. KORCHINSKI: Knowing these areas as they do?

Mr. FRASER: Yes, that is so.

Mr. KORCHINSKI: That is the very thing. I still have not been convinced on that; and I wish you would dispel that idea, or reassure me somehow before I leave this place.

Mr. FRASER: The only way I can answer that is, your two pound samples are graded in the same manner as your carlot samples. It is graded according to the same standard, and by the use of the standard at our inspector's elbow. He refers constantly to the standard, and the grade is established on the sample, in comparison with that standard.

Mr. SOUTHAM: On page 60, looking over this appendix J, I notice the distribution of commissioners. Moose Jaw is an elevator point, whereas Regina is not, and you have an assistant commissioner at Regina. Would it not be more useful for him to be at Moose Jaw? What is the reason for the geographic placement of the commissioner there?

Mr. LOPTSON: We have a federal building in Regina—the Motherwell building, I believe it is called.

The CHAIRMAN: Gentlemen, Mr. Milner was not able to be here at this hearing, and Mr. Loptson and his colleagues have done a splendid job answering your questions.

On behalf of the members of the committee, Mr. Loptson and your colleagues, I would express our sincere appreciation that you have been here with us today. I know that we have gained a wealth of information from you, and we hope you will be back with us another year. Members of the committee, may I thank you for the speed with which you have carried on the examination of the board of grain commissioners.

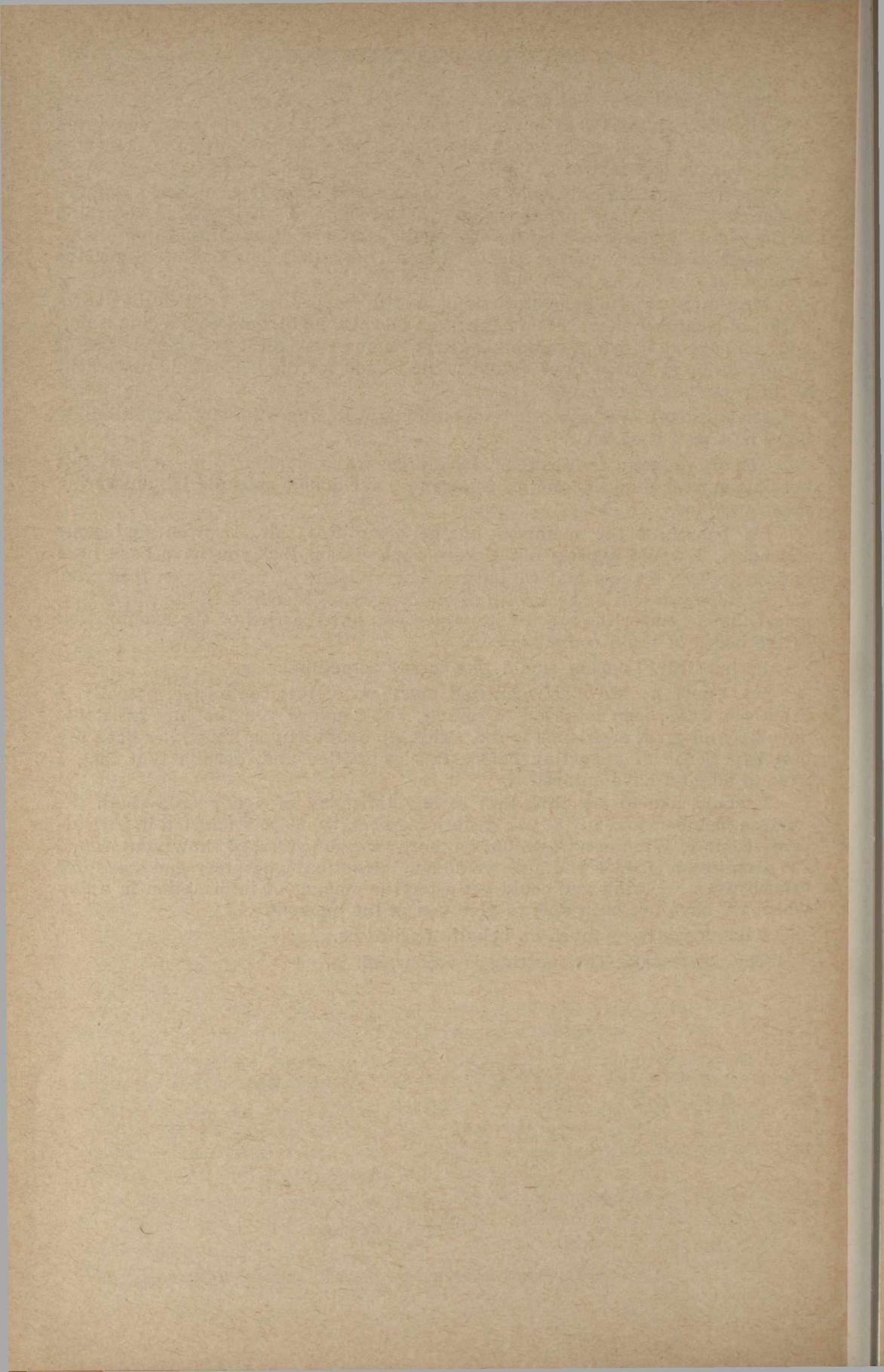
Perhaps Mr. Loptson would like to say something.

Mr. LOPTSON: Mr. Chairman and members of this committee, actually, I think you have been too kind to myself, but I assure you that my assistants have been of great assistance to me. This, no doubt as you know, has been my first experience of appearing before this committee and, despite that fact, I have to admit I have enjoyed it.

I would like to say this, that at any time any of you people—both the western members and any of you eastern members who are interested in agriculture—come to Winnipeg we would be more than delighted to show you around our premises, and show you how we do our inspection, laboratory and statistical branch work. I think you could get a terrific amount of information in a day which we have not been able to give you at the moment.

I thank you very much on behalf of all of us.

The CHAIRMAN: The meeting is adjourned.



HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS

No. 12

INCLUDING THIRD REPORT TO THE HOUSE

Respecting

Report of the Canadian Wheat Board for Crop Year 1957-58 and
Report of the Board of Grain Commissioners for Canada, 1958.

THURSDAY, JULY 2, 1959

TUESDAY, JULY 14, 1959

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959



STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,

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

and Messrs.

Argue,	Gundlock,	Muir (<i>Lisgar</i>),
Barrington,	Hales,	Nasserden,
Boivin,	Hardie,	Noble,
Boulanger,	Henderson,	O'Leary,
Brunsdan,	Hicks,	Pascoe,
Cadieu,	Horner (<i>Acadia</i>),	Peters,
Campbell (<i>Lambton-</i>	Horner (<i>Jasper-Edson</i>),	Phillips,
<i>Kent</i>),	Howe,	Racine,
Casselman (Mrs.),	Kindt,	Rapp,
Charlton,	Korchinski,	Régnier,
Cooper,	Lahaye,	Robinson,
Crestohl,	Latour,	Rompré,
Doucett,	Leduc,	Rowe,
Dubois,	Létourneau,	Smith (<i>Lincoln</i>),
Dupuis,	McBain,	Southam,
Fane,	McIlraith,	Speakman,
Fleming (<i>Okanagan-</i>	McIntosh,	Thomas,
<i>Revelstoke</i>),	McMillan,	Tucker,
Forbes,	Michaud,	Villeneuve—57.
Godin,	Milligan,	

M. Slack,

Clerk of the Committee.

REPORT TO THE HOUSE

WEDNESDAY, July 15, 1959.

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

THIRD REPORT

On June 12, 1959, the House of Commons referred to this Committee the Report of the Canadian Wheat Board for the crop year 1957-58 and the Supplementary Report of the Canadian Wheat Board for the 1957-58 Pool Accounts. The Annual Report of the Board of Grain Commissioners for Canada for the year 1958 was also referred to this Committee at the same time.

Your Committee carefully examined and approved the operations of the Canadian Wheat Board and the Board of Grain Commissioners for Canada.

In presenting this report we would like to draw to the attention of the Board of Grain Commissioners that some elevators give higher grades than others for the same grain in various locations, and it is the opinion of the Committee that grading of grain should be more uniform in all elevators.

Your Committee recommends that provision should be made for the regular inspection of moisture testers by the Board of Grain Commissioners.

It is further the opinion of the Committee that Clause 7 of Chapter 9 of the Report of the Inquiry into Distribution of Railway Box Cars (Bracken Commission) should be implemented in time for the 1959-60 crop year.

It is felt that the Wheat Board and the Board of Grain Commissioners should make every effort to have every elevator weighed over each year.

The Committee is concerned that rapeseed is not presently under the jurisdiction of the Canadian Wheat Board. In this regard, your Committee wishes to make a recommendation based on the following precepts:

Firstly, under the Revised Statutes of Canada 1952—Volume I, Chapter 25, "*An Act respecting Grain*", and, as stated in Schedule One, Statutory Grades of *Western Grain*—Rapeseed is defined as grain.

Secondly, under the Revised Statutes of Canada 1952—Volume II, Chapter 44, the "*Canadian Wheat Board Act*", Clause 2, Section (e)—"*grain*" includes wheat, oats, barley, rye and flaxseed. This clause definitely states it shall include wheat, oats, barley, rye and flaxseed; it does not state "*grain*" means only wheat, oats, barley, rye and flaxseed.

It is felt that an amendment to the Canadian Wheat Board Act to bring rapeseed under the jurisdiction of the Canadian Wheat Board would now be justified; therefore your Committee strongly recommends that legislation be implemented accordingly.

The Committee further recommends that the whole question of feed mills and their position in the grain trade should be clarified and, if necessary, new legislation introduced.

This Committee urges that the Wheat Board continue to issue permits to all farmers who ordinarily produce grain, as in the past some farmers have been excluded from the benefits of acreage payments.

A copy of the Committee's Minutes of Proceedings and Evidence is appended.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, July 2, 1959.
(18)

The Standing Committee on Agriculture and Colonization met *in camera* at 10 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Boulanger, Cadieu, Cooper, Doucett, Fane, Forbes, Henderson, Hicks, Korchinski, Lahaye, McBain, Milligan, Nasserden, Noble, Pascoe, Racine, Rapp, Rompré, Southam, Speakman, Stanton, Thomas, and Tucker. (23)

The Committee proceeded to the preparation of a "Report to the House" respecting the Reports of the Canadian Wheat Board and the Board of Grain Commissioners for Canada.

Various suggestions and recommendations were proposed by members of the Committee.

Agreed,—That all recommendations be referred to a special subcommittee for further study; and that the said subcommittee to be composed of the following members; Messrs. Stanton, Jorgenson, Forbes, Rapp, Fane, Boulanger, and Argue.

At 10.30 a.m., the Committee adjourned to the call of the Chair.

TUESDAY, July 14, 1959.
(19)

The Standing Committee on Agriculture and Colonization met *in camera* at 10 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Boulanger, Brunsdon, Campbell (*Lambton-Kent*), Charlton, Cooper, Dubois, Fane, Forbes, Henderson, Howe, Jorgenson, Korchinski, Milligan, Nasserden, Noble, Pascoe, Peters, Rapp, Rompré, Smith (*Lincoln*), Southam, Speakman, Stanton, and Tucker. (24)

The Chairman, on behalf of the special subcommittee, presented a draft "Report to the House".

The Committee proceeded to the consideration of the draft "Report to the House" which was amended and adopted as amended; and the Chairman was ordered to present it as the Committee's "Third Report to the House".

At 10.40 a.m., the Committee adjourned to the call of the Chair.

M. Slack,
Clerk of the Committee.

