

11.8.1.3 The Canadian Wheat Board

The Canadian Wheat Board was established under the Canadian Wheat Board Act of 1935 for the purpose of "marketing in an orderly manner, in interprovincial and export trade, grain grown in Canada". The legislation established the Wheat Board as the sole marketing agency for Prairie wheat, oats and barley sold interprovincially or internationally. With the introduction of a new domestic feed grains policy in August 1974, marketing of feed grains for domestic use was removed from Canadian Wheat Board jurisdiction and this grain is now traded on the open market. The Canadian Wheat Board remains the sole purchaser and seller of feed grains for export. Other crops, such as rye, rapeseed, flaxseed, buckwheat and mustard are marketed by the private grain trade.

The sale of Prairie-grown wheat, oats and barley is carried out through sales negotiated directly by the Wheat Board, or through grain exporting companies acting as its agents.

Delivery of the kinds, grades and quantities of grain needed by customers is essential to the Board's marketing program. This is accomplished in two stages: the first involves the delivery of grain by the producer from his farm to the local country elevator; the flow of grain from farms to country elevators is regulated under a delivery quota system which enables the Wheat Board to call for the delivery of the kind and grade of grain required to meet market commitments, and, at the same time, to allocate delivery opportunities equitably among all grain producers. The second stage involves the movement of grain from country elevators to large terminals in eastern Canada, at Thunder Bay, Churchill, and the west coast. The transportation of grain to terminals on the west coast, Thunder Bay and Churchill is carried out by the railways under maximum tariffs established under the terms of the National Transportation Act. The forwarding of grain from Thunder Bay to eastern positions is done largely by lake vessels under freight rates negotiated by the Wheat Board and by private shippers with lake vessel operators. Extensive planning and a high degree of co-ordination within the grain handling and transportation industry are required to carry out the complex task of moving grain from country elevators to forward positions. The Wheat Board, which co-ordinates the entire movement, programs rail shipments from country elevators to terminals on a weekly basis in accordance with sales requirements.

The producer selling to the Board receives payment for his wheat, oats and barley in two stages. An initial payment price is established by Order in Council before the start of a crop year; this price, less handling costs at the local elevator and transportation costs to Thunder Bay or Vancouver, is the initial price received by the producer and is, in effect, a guaranteed floor price. If the Wheat Board, in selling the grain, does not realize this price and the necessary marketing costs, the deficit is borne by the federal treasury; after the end of the crop year when the Board has sold all the grain or otherwise disposed of it in accordance with the Canadian Wheat Board Act, the Board, if authorized by Order in Council, makes a final payment to producers.

Since the implementation of the new domestic feed grains policy, a producer delivering his feed grains to a country elevator has the option of selling his grain to the Canadian Wheat Board or on the open market. A producer who sells his grain on the open market will, on delivery, receive a payment representing the final price he is to be paid for his grain in contrast to the Canadian Wheat Board system of initial and final payments.

Under the Prairie Grain Advance Payments Act, administered by the Board, producers may receive through their elevator agents interest-free cash advances on farm-stored grain in accordance with a prescribed formula. The purpose of this legislation is to make cash available to producers pending delivery of their grain under the quotas established.

To mitigate the effects of sharp price fluctuations on domestic wheat consumers, the federal government has implemented a two-price system for wheat. The system provides a guaranteed price to the domestic miller of \$3.25 for bread wheat used for domestic consumption. The government pays a subsidy of up to \$1.75 to the Canadian Wheat Board to bring the return to the producer up to a maximum of \$5.00. For durum wheat the millers pay between \$3.25 and \$5.75, depending on the world price. When the world price exceeds \$5.00 the government pays a subsidy of up to \$1.75 to bring returns to the producer up to a maximum of \$7.50 a bu. Thus the Canadian producer has a guaranteed floor price on domestic sales of milling wheat of \$3.25 a bu. Payments under the government subsidy represent the