country elevator under a quota system for the kind and grade of grain required to meet market commitments, and 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 by the railways under maximum tariffs established under the terms of the National Transportation Act. Shipping 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 coordination within the grain handling and transportation industry are required. The Wheat Board, which coordinates 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 Canadian Wheat Board receives payment 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 feed grains to a country elevator has the option of selling the grain to the Canadian Wheat Board or on the open market. In the latter case he will, on delivery, receive a payment representing the final price in contrast to the Canadian Wheat Board system of initial and final payments. As a result of a modification effective in August 1976 in the feed grain policy, the Canadian Wheat Board stands ready to offer feed grains to the domestic market at prices based on a formula which reflects the value of corn and soybean meal.

The Prairie Grain Advance Payments Act, administered by the Wheat Board, provides that 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. An advance of up to $45,000 (depending on the number of producers involved in the operation) may be issued to multi-farm farms, such as partnerships, cooperative and corporate farms. Other details of this legislation are given in Section 11.2.2.

11.7.1.4 Two-Price Wheat Act

To mitigate the effects of sharp price fluctuations on domestic wheat consumers, the federal government implemented a two-price system for wheat in September 1973. The system provides a guaranteed price to the domestic miller of $3.25 a bushel (36.4 dm^3) for bread wheat used for domestic consumption. Under the Two-Price Wheat Act, given Royal Assent on June 19, 1975, the government makes up the difference to farmers between the pegged domestic price and the export price on all sales into the domestic market, to a maximum payment of $1.75 a bushel (36.4 dm^3). A similar system is in place for durum wheats.

The Grains and Special Crops Division of Agriculture Canada's Production and Marketing Branch is responsible for administering this program and has supervised the distribution of about $300 million since the program began. Payments are distributed directly to farmers in Quebec and the Maritimes, while in Ontario and the Prairies, monthly payments are made to the Ontario Wheat Producers' Marketing Board and the Canadian Wheat Board, for distribution among farmers through the price pooling scheme operated by each organization.

The program will remain in effect until 1980, thus providing farmers with long-range price assurance and market stability.