

REPORT OF ROYAL COMMISSION

TO ENQUIRE INTO

ALLEGED COMPLAINTS RELATING TO
WEIGHING OF BUTTER AND
CHEESE IN MONTREAL

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REPORT OF ROYAL COMMISSION RE BUTTER AND CHEESE

The Honourable MARTIN BURRELL,
Minister of Agriculture,
Ottawa, Ont.

The undersigned having been under authority of Royal Commissions, dated respectively the 19th day of July, 1912, and the 5th day of August, 1912, appointed Commissioners to inquire into the complaints received by the Department of Agriculture from producers and vendors of butter and cheese in eastern Ontario and the western portion of Quebec, as to alleged unfairness in the methods of weighing butter and cheese in Montreal, and also to inquire into the complaints made by representative farmers as shown by documents on file in the Department of Agriculture, as to present methods of payment for butter and cheese in Montreal, have the honour to hand you for the information of His Royal Highness the Governor General, this their report upon the result of such investigation, the conclusions arrived at and their recommendations in connection therewith, together with a copy of the evidence taken in the course of such investigation, as all required under the terms of the said Commission.

HISTORY OF COMPLAINTS.

In dealing with the above matters your Commissioners deemed it advisable in the first place to ascertain the exact nature of the complaints made by the producers and vendors in regard to the weighing of cheese and the method of payment, and with that end in view they obtained access to the very voluminous files in the Department and found that the subject of short weights had been occupying the attention of the Department for a great many years, the subject of payment only during the last two years.

In this report it would be impossible to go into any very great detail as to the complaints found on record in the office of J. A. Ruddick, Esq., Dairy and Cold Storage Commissioner, and your Commissioners consider that for present purposes it is sufficient to state that the complaints as to short weights made by producers and vendors are many, and the complaints made by buyers, particularly the purchasers of cheese in England, are also many. If we are to judge by the files, the Dairy and Cold Storage Commissioner has certainly been kept busy during the last few years in an effort to prevent gross irregularities in weighing complained of by the trade in Great Britain, and we find on many occasions in his efforts to overcome these irregularities, in the interests of the dairy industry of Canada he has had special inspectors visit the factories complained of, and we regret to state that these inspectors found that notwithstanding that the scales in many of the factories were in good order, cheese in many instances had been marked ten pounds more than actual weight.

In very many cases, however, the inspectors found that the scales at the factories were absolutely unreliable. Notwithstanding the persistent efforts of Mr. Ruddick to have all cheese weighed with precision and care so that an end would be put to the complaints from the trade in Great Britain, we regret to find that these irregularities have continued down to the present time.

We also found certain memorials from farmers associations, which no doubt are the ones referred to in the reports of the Committee of the Honourable the Privy Council, authorizing this investigation.

One memorial is addressed to the Honourable Sir Richard Cartwright, G.C.M.G., and is signed by W. A. Mullin, secretary of the committee, the committee having, as set out in said memorial, been appointed by a large representation of dairymen from all parts of eastern Ontario and western Quebec who met in the city hall, Ottawa, to discuss certain grievances in connection with the present mode of paying for cheese and butter, and who asked that the Government grant protection to butter and cheese manufacturers to the same extent as protection has been given to the growers of wheat in the province of Manitoba. Copy of this memorial is attached to this report.

Another memorial is on file in the department, signed by C. F. Rath, Chairman of Committee appointed at a delegation of farmers from eastern Ontario and western Quebec, who met in the city hall, Ottawa, on Wednesday, January 18, 1911, to discuss grievances in connection with the present system of weighing cheese in Montreal. This memorial deals at some length with the matters under discussion and claims that there is an injustice being done to the dairymen in the method of weighing cheese, and asks the government to appoint an official weigher. Copy of this memorial is also attached to this report.

We also gave consideration to the debates in the House of Commons in connection with this grievance, commencing in 1905 and ending on the 21st March, 1912, when the matter was very prominently brought before Parliament and the country by the honourable member for Frontenac.

The statements made by the different members and by the Honourable the Minister of Agriculture in the debate of the 21st of March, 1912, were a guide to us in our efforts at a solution of the difficulties which were discussed.

The Honourable Minister of Agriculture in the debate, made among other statements, the following:—'My own feeling is that we have to work in the largest spirit for the proper development on the soundest possible basis of Canadian industry of dairying, especially in regard to its export phase,' again he says: 'in regard to the whole dairy industry, the government is most anxious to forward it in every legitimate way, because we recognize that the dairy industry is one of enormous importance to the whole industrial basis of this country,' and again he says, 'anything that the Government can do to assist this great industry, the Government ought to do and will do,' and again he says, 'if a case is made out with sufficient strength for action by the government, I can promise that it will not end with a simple report, but that later on the Government will take action upon it.'

Your Commissioners also read with interest the correspondence which passed between the former Minister of Agriculture, the Honourable Sidney Fisher, and the Board of Trade, Montreal, in connection with the amendment of the rules.

We also had before us the report of W. G. Parmalee, who was appointed under authority of a Royal Commission, bearing date the 7th day of December, 1901, a Commissioner to investigate and inquire into and report upon complaints and difficulties in connection with the weighing of butter and cheese.

Mr. Parmalee's report is dated the 22nd day of October, 1903, and with some of his findings we agree.

Your Commissioners also had before them the report of the Dairy and Cold Storage Commissioner for the fiscal year ending March 31, 1912, also the rules and by-laws, &c., of the Home and Foreign Produce Exchange, the Bristol Trade Association, the Liverpool Provision Trade Association and the rules and by-laws of the different cheese boards throughout the eastern portion of the province of Ontario and the western portion of the province of Quebec.

We also considered carefully the provincial laws of the provinces in regard to the dairy interest, the laws of New Zealand, Australia, and in fact the legislation of

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the empire in connection with the dairy industry, and in the course of our report we may have to refer to the Dairy Industry Act of New Zealand, and some of the Acts of the provinces of Ontario and Quebec, more particularly the Acts respecting cheese and butter exchanges.

Your Commissioners were thoroughly impressed with the great importance of the dairy industry in Canada, and of the absolute necessity that there should exist between buyer and seller, perfect confidence.

The cheese business so far as Montreal is concerned, is almost entirely an export business, the chief market being Great Britain, and in that market Canadian cheese meets with the keenest competition from other countries, notably New Zealand, consequently the success, and in fact the very existence of the trade depends on Canada being able to compete with such opposition, not only in the matter of quality and price, but also in the matter of weights, and in this connection we went most carefully into the laws as they exist in New Zealand, and into the rules in regard to shrinkage, &c.

After full consideration of all complaints we could find on the files of the Department in connection with this matter, it seemed clear to us that there were only two matters of importance to be investigated:—

1. The complaints received by the Department from producers and vendors of butter and cheese sold in the city of Montreal, weights and quality guaranteed, as to alleged unfairness of the weigher towards the producers, and as to the rules and methods followed in such weighing.

2. Complaints of farmers as shown by memorial on file in the Department of Agriculture, and by resolutions passed as to the present system of payment in Montreal.

INVESTIGATION.

Your Commissioners feeling that they had given every consideration to the complaints, &c., on file, and that they were in a position intelligently to hear what was to be said in regard to those complaints by interested parties, held sittings at Montreal, Kingston, Cornwall, Brockville and Ottawa. The first sittings were held at Montreal on the 29th day of July and the 7th day of August, 1912.

A sitting was held at Kingston on the 5th day of September, 1912, at Cornwall on the 13th of September, 1912, at Brockville on the 17th of October, 1912, at Ottawa on the 1st of November, 1912. The final sitting at which evidence was heard was held at Montreal on the 2nd, 3rd and 4th days of January, 1913. Your Commissioners have had several sittings since for the consideration of evidence, &c.

All meetings were well advertised in a paper published in the district where meetings were to be held, and also in the *Ottawa Valley Journal* and the *Central Canada Citizen*.

Notices of the meetings were also sent to the various cheese boards, and the boards of trade, &c. Some of the meetings were well attended, and others not so well attended as your Commissioners would have liked. The evidence of upwards of fifty witnesses was taken at the different sittings.

Your Commissioner also at the request of the Dairymen's Association of Eastern Ontario attended a meeting of the association held at the city of Kingston in the county of Frontenac, in the month of January, 1913, and your Commissioners had the advantage of hearing the views of those directly interested in the matters under investigation.

Other written, as well as oral information, was sought and obtained, and is embodied in the evidence herewith submitted.

It was the intention of the Commissioners to hold other meetings in the eastern part of Ontario and western part of Quebec, but upon conferring with the different organizations in these districts, it was found more advisable to extend an invitation

to representative dairymen throughout these districts, to attend the sittings held in Montreal on the 2nd, 3rd and 4th days of January, 1913, and a large number of representative dairymen were good enough to attend and give the Commissioners the benefit of their views.

The weighing of butter and cheese in Montreal is done by John McLeod and his assistants, and he is to all intents and purposes an official weigher, having been appointed by the Montreal Butter and Cheese Association in January, 1894.

The only legislation upon the subject is an Act passed in 1865.

Under this Act the Montreal Board of Trade in common with other boards of trade has power to appoint an official weigher, and to make such rules and regulations as they may deem expedient. These rules and regulations govern the weighing of butter and cheese.

Then under section 8 of the Act, every weigher, measurer and gauger appointed under this Act shall appoint one or as many more assistants as the council of the Board of Trade may from time to time direct, for the acts of which assistants he shall be responsible, and all acts done by any assistant weigher, measurer or gauger shall be held to be the acts of the weigher, measurer or gauger who appointed him.

So far as we can find Duncan Cameron was the official weigher appointed by the council of the Board of Trade, and he had a number of assistants.

Mr. McLeod appears to have been appointed deputy weigher for Montreal in May, 1878, and appears to have been sworn in as an assistant to Mr. Muirhead, Mr. Cameron's predecessor in 1878, and has acted as an independent weigher since Mr. Muirhead's death in 1882.

The fact however is, that the Montreal Produce Association has, and does recognize Mr. McLeod as an official weigher of equal authority with Mr. Cameron, and the bulk of butter and cheese is weighed by Mr. McLeod and his assistants.

The rules governing the weighing of butter and cheese were adopted by the council of the Board of Trade on July 10, 1901, and are as follows:—

1. That the weighing shall be done on a beam scale only, such scale to be submitted for inspection to the officers of the Dominion Government as frequently as the law provides for such inspection.

2. When averaging or weighing cheese an allowance of one-quarter pound per box over and above the balance of the beam must be made to ensure good weight and to cover grease, cloth, &c. Actual weights must be shown on certificates, but no gains shall be applied against losses in the average; gains of two pounds or over shall be governed by Rule 3.

3. Any difference of two pounds or over between the actual weights of butter or cheese and those marked on the packages, shall not form part of the average but all such packages shall be set aside, remarked and so recorded on the certificate. This rule shall not apply when there is a regular or uniform gain or loss of two pounds or over, in which case a certificate shall be given accordingly without reweighing the whole lot, unless either of the parties interested should request that the whole lot be reweighed.

4. All butter is to be weighed nett, that is all salt pickle, cloth, paper and package, &c., are to be removed before weighing, and upheam only shall be considered good weight.

5. Not less than five packages of butter and cheese nor more than ten per cent of each particular lot shall be weighed, except in the case of gross discrepancies in the marked weights as referred to in Rule 3, in which case the whole parcel may be reweighed at the request of either of the parties interested, but at the expense of the party making the request.

6. The fee for weighing cheese shall be two cents per box; the fee for weighing butter shall be five cents per package, which shall include the stripping and replacing of cloths, &c.

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Under section 10 of the Act, power is given to promulgate all necessary rules and regulations to be observed in carrying out the provisions of this Act.

One of the first duties which your Commissioners felt that they should undertake in connection with this investigation, was the examination of the method adopted by Mr. McLeod in connection with the weighing of cheese at Montreal, and your Commissioners spent considerable time going through the different warehouses in the city of Montreal and investigating, not only the method, but the accuracy of Mr. McLeod's weighing, and in many instances had cheese reweighed, and in all cases your Commissioners found that Mr. McLeod and his assistants exercised the greatest possible precaution.

Your Commissioners found on personal examination at the different warehouses in the city of Montreal that cheese was coming in from certain sections of both the province of Ontario and the province of Quebec, very much short in weight and green, and in many cases showing great carelessness in weighing.

They found, however, from other sections of the province of Ontario and the province of Quebec where the cheese had evidently matured, or at least had been held until they were from ten to fifteen days old, that there was very little difference in the weight marked on the boxes and the weight given by Mr. McLeod.

Your Commissioners finding that it would be impossible for them as a body to make that thorough investigation and inspection at the different factories that the Commissioners deemed it advisable to make, appointed J. N. Lemieux as official weigher for the Commission, on the 31st day of July, 1912, giving him full power to enter in and upon any cheese factory building or premises wherein any work is done in connection with the weighing of cheese and butter, in order that he might make a thorough examination of the methods for weighing cheese and butter, both at factories and at the city of Montreal, and your Commissioners gave him instructions more particularly to investigate thoroughly and be in a position to say whether:

(a) The scales used by Mr. McLeod are properly balanced and correct;

(b) To see whether Mr. McLeod and his assistants are or are not, weighing butter and cheese correctly;

(c) Does Mr. McLeod have his scales inspected and certified as to their correctness by the official inspector of scales;

2. To investigate and report on any complaints that are being made on any undue shrinkage or heavy average losses on any cheese or butter arriving in Montreal.

3. Do the merchants in your opinion, exercise any control over Mr. McLeod in his weighing, and is the weighing properly and carefully done, and do the farmers shipping into Montreal receive fair and honest treatment as regards the weighing of cheese and butter;

4. To ascertain whether there are any lots of cheese and butter arriving in Montreal that show gains or weigh more than the marked weights on the boxes;

5. If you are not satisfied as a result of your investigation that cheese and butter are properly weighed, or without undue influence from the merchants, have you any suggestions you can make that would bring about a more careful and accurate system of weighing;

6. The Commission desires you to make a thorough examination as to the weighing and as to the way the certificates of weights are obtained. In this connection it is advisable for you to ascertain whether the merchants can obtain blank certificates from the public weigher, Mr. McLeod, or whether all certificates are issued solely from this office;

7. In your opinion, is any injustice being done to the farmers under the present system of weighing butter and cheese in Montreal, or as to the way the certificates as to the weights are issued by the public weigher?

To assist you in your investigation you are authorized by the Commission, if you think it advisable, to purchase a set of scales.

Mr. Lemieux made his report on the 28th of December, which report is attached to this, our report, and consequently will only be referred to by us in a brief manner.

Mr. Lemieux was assisted in his investigation at the factories and in Montreal by Mr. McDonell, one of your Commissioners. As shown by Mr. Lemieux's report the scales used by Mr. McLeod and his assistants weigh the cheese and butter correctly.

Mr. Lemieux has also found that where short weights occur, they were attributable to one of four causes:—

First.—Not well balanced, old rusty and out of order scales.

Second.—Carelessness in weighing.

Third.—Dishonest weighing or falsely marked weights on the boxes.

Fourth.—Weighing the cheese too green.

As to the first cause, not well balanced, old and rusty scales, Mr. Lemieux and Mr. McDonell found that in ninety per cent of the factories they personally examined, the scales were out of order. In some of the factories where the scales were tested, they were found to be absolutely unreliable, and the consequence was that very heavy shortages were shown.

Then again Mr. Lemieux found in many instances great carelessness in weighing, and in some instances absolute dishonest weighing, and in very many instances the cheese was shipped to Montreal practically out of the hoop.

Mr. Lemieux in his report gives a number of factories where he found they were shipping green cheese, and one factory in particular where heavy shortages had been noticed, he could find no cheese, they having all been shipped out, and the cheese-maker stated that he was just as well pleased to have heavy shortages and ship cheese green, as to have O.K. weights and ship the cheese well cured.

Mr. Lemieux reports also that on October 25th he went to a factory where he weighed five cheese which had already been weighed by the maker, these were O.K. in weight. He took two other cheese which were lying near the stove in the curing room and the first one showed a loss of one pound. After inquiring of the cheese-maker, he found that he had heated this stove the previous day, and he had weighed all his cheese on the 22nd. The cheese were shipped to Montreal on the 26th, arriving there on the 31st of October, when they were weighed by the public weigher and averaged four pounds on five, shortage.

In cases like this where cheese are weighed about ten days before arriving at its destination, Mr. Lemieux reports that they could not be expected to hold their weight. He is under the impression that there are many cases of this kind. He then gives in detail weights taken at each factory visited, which can be found in his report.

As to dishonest weighing and falsely marked weights on boxes, we regret to say that he found several lots of cheese weighing three, five and even ten pounds less than the weight marked on the boxes, and in his opinion the weight stencilled on the boxes were put there to deceive. In one particular case he states he found a lot of twenty-five boxes which were fifty-nine pounds short in weight, as follows:—Nine boxes each marked five pounds more than actual weight, one box four pounds more than actual weight, ten boxes one pound more than actual weight, and the remaining boxes were O.K.

He investigated thoroughly question (c) submitted to him, and finds that Mr. McLeod's scales are properly kept and in good working order, having the scales inspected by the official inspector of scales and measures in Montreal. Accompanying his report are the certificates of the official inspector of weights and measures of 1912.

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During the progress of our investigation a large number of complaints were received in regard to short weights, and these complaints were thoroughly investigated and a report on each complaint is given in Mr. Lemieux's report appended hereto.

Your Commissioners found from the evidence that just the moment the cheese are removed from the press in which they are moulded, they begin to lose in weight by evaporation; that there are many factors which influence the rate of shrinkage such as the character of the cheese, the size of the cheese, climatic conditions including temperature and humidity, the condition of the boxes in which the cheese are placed, &c.

That as a fair average they will lose about one pound in the first week, one pound in the next three weeks, and very nearly a pound in the next month, under ordinary factory or transport conditions.

That where green cheese are shipped short weights are more in evidence than where cheese has been held for a period of ten or fourteen days before shipment.

Having this knowledge your Commissioners instructed Mr. Lemieux to make a large number of tests to ascertain the shrinkage of cheese from the time it left the factory until its arrival in Montreal, also the shrinkage of a cheese after it had been in cold storage at different temperatures for a certain number of days, and he has in his report given the result of his investigation and tests.

All the tests taken by Mr. Lemieux show that cheese does shrink, regardless of the temperature at which it is kept, also that if a cheese is shipped from the factory green the shrinkage is greater than in well cured cheese, even if the green cheese is kept at a lower temperature.

Your Commissioners ascertained that there was a feeling among some of the country shippers of butter and cheese that the same methods of weighing are not followed by the Montreal merchants where they buy or sell for export to the English markets, and that the merchants are reaping a profit from the shortages found when the cheese or butter is averaged by Mr. McLeod.

This is an entirely erroneous impression, as when cheese or butter is shipped within five days of its arrival in Montreal, the first average taken by Mr. McLeod is used in invoicing the butter or cheese, but if butter or cheese remains for five days in any warehouse in Montreal after its first weighing, it has to be reaveraged by the public weigher, and the same rule has to be followed as in the first instance.

The tables attached to Mr. Lemieux's report verify W. G. Parmalee's findings, that the farther the cheese is shipped the better it stands its weight in Montreal.

Mr. Lemieux was also instructed to look into the question or rather the insinuations made that the merchants have blank certificates which they issue in making settlements, and he found that there was no foundation whatever for such insinuations.

Your Commissioners received from Mr. Lemieux verbal reports from time to time, and from these reports they became convinced that the two most important reasons for short weights were, the shipment of green cheese, and the inferior scales used in a large number of the cheese factories.

Your Commissioners then examined the Weights and Measures Act, and found, that while at one time scales in cheese factories were inspected annually, that this regulation was amended in 1899, and at the present time scales in cheese factories are not liable to reverification oftener than once in two years.

The evidence given by Mr. Fuller and others who dealt with this matter, was to the effect that these scales should be inspected at least once a year, and that it would be still better if a special officer visited the factories occasionally during the season for the purpose of seeing that scales were kept in proper condition.

At the hearing held in Montreal in January, 1913, your Commissioners were fortunate enough to have Henry J. Fuller, Esq., President of the Fairbanks-Morse Company, appear before them and give an exhibition of different makes of scales.

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For the purpose of this exhibition, the scales were marked 'A,' 'B' and 'C.' All had passed government inspection. Scale 'C' was a cheap scale, the selling price of which was slightly under ten dollars, and was the scale most commonly used among dairymen.

It was demonstrated beyond question that scale 'C' was a most inferior article, and in the different tests that were made, it was found that if a cheese was not placed exactly in the centre of the platform of the scale, there would be a variation in weight of, from one to three pounds, and Mr. Fuller gave it as his opinion that so long as a scale of the class of scale 'C' is used in this country, there would be errors in weights, as the scale was fundamentally wrong.

Your Commissioners would respectfully submit that the Department of Inland Revenue should give consideration to the evidence of the President of the Canadian Fairbanks Scale Company, and endeavour to so amend the Weights and Measures Act and Regulations as to make it impossible that a scale of the class of scale 'C' could be placed on the Canadian market, and that all scales which are exposed to dirt and oil which clog its working parts, or to salt which rusts, should be inspected frequently.

That all inspectors of weights and measures should be thoroughly qualified for the duties of their position, and should not be engaged until such time as they are thoroughly instructed in the construction of scales and are familiar with the law and regulations, and we would respectfully throw out the suggestion that newly appointed assistants before being put at the actual duties of inspection, be placed in a factory where they may learn how scales are made and dissembled, and become judges of the quality and material used, and as to whether the several parts are sufficiently strong for the services that will be required of them.

It was quite apparent to your Commissioners that scale 'C' which had the stamp of government inspection upon it, was not a scale properly constructed for the purpose for which it was designed.

So impressed were your Commissioners with the evidence given by Mr. Fuller in regard to scales, and the demonstration he gave of the working of the scales, that they were very pleased indeed when it was suggested by the honourable member for Frontenac, and by the Vice-President of the Dairymen's Association of Eastern Ontario, that Mr. Fuller should attend the annual meeting of the Dairymen's Association of Eastern Ontario, at Kingston, and give them the same demonstration which he had given before the Commission.

Mr. Fuller was unable to personally attend at the convention, but one of the officers of his company attended, and we have every hope that the demonstration was an object lesson to the members of the Dairymen's Association, and that it will have the effect of encouraging cheese manufacturers to place good scales in their factories. The patrons of factories should insist upon this being done.

Your Commissioners were pleased to note from the evidence of G. A. Gillespie, President of the Dairymen's Association of Eastern Ontario, that in the Peterborough district, the scale inspector was very competent, and that he had condemned the cheap scale, the consequence being in that district, according to Mr. Gillespie's evidence, that there is not a single factory using a cheap scale, but on the contrary they are all using a first-class scale, and no complaints are heard as to shortages from that district.

Your Commissioners accepted the invitation of the Dairymen's Association of Eastern Ontario which had been kindly extended to them by the association to attend the annual meeting held at Kingston in the month of January, 1913. A very full discussion took place in regard to the matters under investigation, and your Commissioners have much pleasure in embodying in their report, certain resolutions which were passed at that meeting.

That the thanks of this association are hereby tendered to R. A. Pringle, K.C., A. Hodgson, and S. J. McDonell, as members of the Royal Commission appointed for

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the investigation into the conditions prevailing in regard to the payment, weighing, &c., of cheese at Montreal, for the valuable practical information presented to this convention, as acquired by their observations in investigation as to this.'

'Moved by T. H. Thompson, seconded by Wesley Willows, That in the opinion of this association, all scales at cheese factories should be tested at least annually, and that the extra cost of the same, be borne by the government.'

'Moved by J. A. Dargavel, seconded by J. N. Stone, That this association is of the opinion that in the interest of the cheese industry of the Dominion of Canada, legislation should be passed preventing the shipment of cheese from place of production under ten days old.'

'Moved by T. A. Thompson, seconded by J. N. Stone, That in the opinion of this association, the present mode of payment for cheese is satisfactory, as the bonding of buyers might work to the injury of the producers as the cost for providing such bond is bound ultimately to be borne by the producer and it is open to each and every cheese board to amply protect themselves, as is now done by many boards.'

'Moved by J. A. Campbell, seconded by Geo. McLean, That in the opinion of this association, the appointment of a competent official at Montreal by the Dominion government to co-operate with the Ontario and Quebec Departments of Agriculture in advancing the dairy interests, is advisable.'

And the following resolutions were passed by the directors:—

'Moved by Mr. Glendinning, seconded by Mr. R. G. Leggatt, That this association recommend that the Royal Commission ask the Dominion Government to appoint an official referee to be stationed at Montreal, who shall be competent and vested with authority to decide both as to quality and weights of dairy products.'

'Moved by J. A. Campbell, seconded by Mr. Geo. McLean, That this association recommend that the Royal Commission ask the Dominion Government to enact legislation making it a punishable offence to sell cheese within ten days of the date of its manufacture.'

At the meeting held in the city of Montreal in January, 1913, the President of the Board of Trade submitted a letter from the Montreal Produce Merchants Association, dated January 3, 1913, to the Chairman and Members of the Commission on the Weighing of Butter and Cheese.

'GENTLEMEN,—In addition to any evidence which may be submitted by the individual members of this association, I beg to submit, on behalf of the association officially, the following statement for your consideration:—

'1. That in the consideration of the system under which cheese should be weighed it is important that it be borne in mind that the cheese business, so far as Montreal is concerned, is entirely an export business, the chief market being Great Britain, and that, in that market, Canadian cheese meets with the keenest competition from other countries, notably from New Zealand, consequently the success, and in fact the very existence of the trade, depends on Canada being able to compete with such opposition, not only in the matter of quality and price, but also in the matter of good weight, which is necessarily an important factor in determining the desirability of the goods from one country as compared with those from all others.

'2. That Canadian exporters, under the system of weighing which has been in effect for years past have suffered continually from claims for short weights, more particularly on those cheese that are weighed under the present Montreal rules, the liability of cheese to shrinkage being so well known as not to require proof on our part; indeed these claims have been more frequent during the past year or two than

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usual, due to factories shipping cheese so green, thus showing that the situation is becoming more aggravated rather than improving, and the hold being secured by the New Zealand cheese shippers on the British market has already made a marked difference in the buying of Canadian cheese for winter storage.

3. That the enclosed printed copies of cheese contract agreements (marked "A" and "B") show the practice in New Zealand, in connection with the allowance to the buyer of two and a half per cent from the official government weights for shrinkage and in connection with the restrictions as to the minimum age of cheese before shipment; in agreement "A" it is provided (section 8) that all cheese shall be of minimum age of three weeks, and in agreement "B" that all cheese shall be matured for such a period that it will have been manufactured fourteen days before packing.

4. That the allowance of two and a half per cent in the weight for shrinkage, which has been the practice of New Zealand, coupled with the persistent shipping of green cheese from Canada, and the consequent excessive shrinkage, for which no allowance is made, is militating so seriously against the Canadian trade that a change in the Montreal weighing rules seems to this association imperative if Canada is to hold its hard-earned position in the British Market.

5. That in view of the foregoing, this association suggests that in your report to the Government you should recommend that the rules for the weighing of cheese in Montreal should be altered, so that half a pound per box up-beam be allowed to meet the changed conditions in connection with the exporting business.

6. That as regards the question of payment, we would point out that every added restriction in connection with the butter and cheese business will undoubtedly react on the farmers or producers of the goods, besides being a detriment to the trade generally.

7. That the members of this association would welcome the appointment of an official referee, who, with the authority of the Government behind him, would act as arbitrator between buyer and seller, both as regards the quality and the weight of the goods.

8. That since the rule in the Montreal weighing rules, which forbids the offsetting of gains against losses in averaging, was designed solely to secure correctness in weighing at the factories, and has seldom, if ever, been called into use, we would suggest that you recommend its elimination, particularly in view of the fact that some of the sellers are inclined to look upon it as an injustice in spite of the fact that sellers have only to weigh their cheese correctly to avoid its application.

I am, gentlemen,

Yours truly,

J. A. GUNN,

'President.'

Your Commissioners found that the only complaint that was made in regard to the rules adopted by the Council of the Board of Trade, and which are in force, was with reference to the closing portion of Rule 2, that is, as to no gains being applied against losses in the average.

This seems to have been a contentious matter for a very long time. The former Minister of Agriculture had the matter up with the Board of Trade, and Mr. Parmelee in his report refers to this rule.

We find that in March, 1912, the secretary of the Butter and Cheese Association, wrote the secretary of the Montreal Board of Trade a letter, which is attached to this our report, and in this letter it is stated that the words, 'but no gains shall be applied against losses in the average,' be struck out.

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A copy of this letter was forwarded to the Deputy Minister of Trade and Commerce by the secretary of the Board of Trade on March 11, 1912, so your Commissioners feel that these letters taken in conjunction with the letter of January 3, 1913, to the chairman and members of the Commission, recommending the elimination of that part of rule 2, practically settles this controversial matter. However, your Commissioners do not find any evidence showing that this rule was the cause of short weights.

Your Commissioners have attached to the record in this matter, copy of selling agreement as adopted by the committee of the South Island Dairy Association of New Zealand, Limited, of March 29, 1912, also a National Dairy Association sale agreement. Our reason for this, is to show the rule as to shrinkage in New Zealand.

Looking at clause 4 of the South Island Dairy Association selling agreement, it will be found that a shrinkage allowance of two and a half per cent is to be given on correct shipping weights; the same applies to the National Dairy Association sale agreement.

Now, as to the second question submitted to your Commissioners, namely, the complaints of farmers, as shown by memorial on file in the Department of Agriculture, and as to resolutions passed as to the present mode of payment in Montreal.

Your commissioners brought this matter up at every meeting held by them, but there was little or nothing said in favour of a change in the present law, in fact the general consensus of opinion among the farmers appeared to be that if a law were enacted compelling the Montreal merchants to furnish bonds, that many of the smaller men in the trade would be driven out and that competition for cheese and butter would be reduced, and that there was a possible danger of the whole trade falling into the hands of a few of the stronger men in Montreal, and further, that it would be an additional expense which would have to be taken from the producers.

R. B. Faith, Esq., editor of the *Ottawa Valley Journal*, appeared before your Commission at their meeting held in Ottawa, and he also handed in to your Commissioners a memorandum in favour of an Act being passed in relation to the butter and cheese industry, similar to 'The Canada Grain Act of 1912.' This memorandum your Commissioners have given every consideration to, and have attached same to this their report.

Your Commissioners deemed it advisable to call the attention of the Dairymen's Association of Eastern Ontario to the suggestions made by Mr. Faith, and after a full discussion the members of the association expressed themselves as opposed to the bonding system.

The association felt that it might work injury to the producer, as the cost of providing such bonds would have to be ultimately borne by the producer, and that it was open to each and every cheese board to amply protect themselves, as it is now done by many boards. Your Commissioners agree with the views of the Dairymen's Association of Eastern Ontario, as expressed in the resolution above set out.

Your Commissioners find that in the provinces of Ontario and Quebec, and in fact in every province, provision is made for the formation of cheese and butter exchanges. In Ontario and the province of Quebec these exchanges exist, so far as we have been able to ascertain throughout the dairy sections, and it is competent under the authority given to these exchanges to pass rules governing the mode of conducting the purchase and sale of butter and cheese at the exchanges, and the inspection, weighing and shipment of cheese and butter, and the time and mode of payment for cheese and butter bought or sold on the exchange.

Reference to the Ontario Act respecting Cheese and Butter Exchanges, and to a similar Act in the province of Quebec, will show that ample provision has been made by which the producer can protect himself, insofar as payment is concerned, without expense, and your Commissioners find as a matter of fact that many of the associations have adopted provisions by which payment is made absolutely secure, without expense to the producer.

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Your Commissioners' attention has been called to what is known as the 'Cole Commission Bill,' which passed the New York Assembly with only a few dissenting votes, and is now before the Senate. This Bill deals entirely with produce consigned to commission merchants for sale and has no bearing on purchases made by individuals.

For the information of those who may be interested in this matter, we have deemed it advisable to attach a copy of this Bill in the state in which it passed the Assembly of the State of New York, but which has not yet become law, as it is now before the Senate.

Your Commissioners would also submit that the question of amendment of the Weights and Measures Act, and the regulations and instructions to inspectors and their assistants be very carefully considered in the light of the evidence given by Mr. Fuller and others, and that there should be an amendment at once in regard to the annual inspection of scales, and that an effort should be made to see that the cheap and inefficient scale which we find has been the cause of so much short weight trouble, is removed if possible from the market.

Your Commissioners would therefore submit that in the interest of the cheese industry of this country, legislation should be passed preventing the shipment of cheese from the place of production, under ten days old.

Your Commissioners would call attention to the very stringent rules in New Zealand as to cheese being fourteen days old before packing. This may be one of the reasons why New Zealand cheese is successfully meeting the competition of our Canadian cheese in the home market.

Your Commissioners are satisfied that the great majority of the farmers of this country are desirous of seeing the cheese industry placed on the best possible basis, and that they are opposed to the manufacturers using the cheap and inefficient scale which is used in so many factories throughout Ontario and Quebec.

Your Commissioners would call attention to the complaints which were received by your Commission from the Home and Foreign Produce Exchange of London, England, and from a large number of English buyers, which complaints are embodied in letters and resolutions, which form part of the record in this investigation.

We deem it expedient to point out one or two statements made in a letter of the 10th of October, 1912, from the secretary of the Home and Foreign Produce Exchange, London, England, as follows:—Having regard to the position which New Zealand cheese has won on the London market, this question of loss in weight on the Canadian product is a most important one for the Canadian farmers, and for the future of the Canadian trade. There has always been a great deal of irregularity in the weight of Canadian cheese, and it may be said without exaggeration that it is exceptional to find the output of a Canadian factory on arrival here, stand the weight charged.' There was enclosed in this letter a statement shewing details of losses in weight on Canadian cheese in 1911 and 1912. The statement is attached to the letter, and forms part of this report.

Farther on in this letter it is stated, 'Canadian shipments compare very unfavourably with those from New Zealand in the matter of weights, the allowance of two and a half per cent for shrinkage in the case of New Zealand, has been found just sufficient to cover any loss in weight during the voyage, the result is there is considerable difference under present conditions in favour of New Zealand cheese.'

Your Commissioners are satisfied from the mass of material which has come before them, that owing to the unsatisfactory condition in which Canadian cheese has been arriving in England, that it is having the tendency of driving the English merchants to buy the New Zealand cheese, and it is time that our farmers considered the fact that New Zealand is going ahead with remarkable strides in the production of dairy products, and is taking a very high place in the English market, and consequently Canadian cheese must be placed on the English market, weight and quality equal to that of cheese placed there by other countries.

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While your Commissioners do not feel justified in recommending provisions similar to those contained in the New Zealand Act as to official weigher and grader, yet they cannot but feel that it is owing to these stringent provisions that New Zealand cheese is being received so well in England to-day.

The president of the Montreal Produce Merchants Association has urged very strongly before your Commissioners, that Canadian exporters under the system of weighing which has been in effect for years past, have suffered continually from claims for short weights, more particularly on those cheese which are weighed under the present Montreal rules, and that the allowance of two and a half per cent in the weight for shrinkage which has been the practice in New Zealand, coupled with the persistent shipping of green cheese from Canada, and the consequent excessive shrinkage, is militating so seriously against the Canadian trade, that a change in the Montreal weighing rules seem to the association imperative, if Canada is to hold its hard-earned position in the British market, and in view of these conditions, the president urged that this Commission should recommend that the rules for the weighing of cheese in Montreal be altered, so that an allowance of half a pound per box over and above the balance of the beam, must be made to ensure good weight, in order to meet the changed conditions in connection with the exporting business.

The amendment of the rules advocated by the president of the Montreal Produce Merchants Association has been considered by your Commissioners with great care. We have also taken into consideration that the rules of the Board of Trade of Montreal are more liberal to the farmers, than the rules framed by themselves as would appear by the different by-laws of the different associations throughout the provinces of Ontario and Quebec, and while they feel that the members of the Montreal Produce Merchants Association have suffered, and are now suffering from short weights, yet those short weights are largely in green cheese, and the fault is not all on the side of the farmer.

In the opinion of your Commissioners, both the buyer and the seller are responsible for green cheese being shipped, and your Commissioners while they feel that the Montreal Produce Merchants Association have made out a strong case, yet we do not feel that we can recommend any change in the rules at the present time, but your Commissioners are of the opinion that it might tend to the betterment of the cheese industry in Canada and go a long way in preventing the selling of green cheese by the producer, if the rules were so amended as to permit of a severe penalty being inflicted in the way of increased allowance in weight on all cheese delivered or shipped under ten days old from the making.

Your Commissioners regret to find from the report of J. N. Lemieux and also from complaints on file in the department that there has been some dishonest marking of weights.

Your Commissioners are of the opinion that if an official is appointed such as your Commissioners recommend, that he will be in a position to detect any false marking of weights, and that he can then instruct the proper provincial officials to take the necessary action under the Criminal Code, or the Weights and Measures Act, as your Commissioners are of the opinion that the provisions of the Criminal Code and the Weights and Measures Act are amply sufficient to reach any one found guilty of false marking of weights.

Your Commissioners desire to place on record their appreciation of the courteous treatment accorded to them by the Montreal Board of Trade and the members of the Butter and Cheese Association, as well as the different cheese boards and organizations throughout the country with whom they came in contact.

They also desire to express their appreciation of the valuable assistance given to them by W. J. Edwards, Esq., M.P., J. A. Ruddick, Esq., Dairy and Cold Storage Commissioner, Henry J. Fuller, President Canadian Fairbanks Scale Company, and of the splendid work done by J. N. Lemieux, which is evidenced by his report, which is attached to this our report.

Your Commissioners would summarize their findings, as follows:—

(1) That in the opinion of your Commissioners, Mr. McLeod and his assistants weigh the cheese correctly, and that the scales used by them are well balanced, and absolutely correct, and are examined by the official examiner from time to time.

(2) That the principal cause for the short weights complained of, are as follows:—

- (a) Cheap, inefficient and not well balanced scales at the factories.
- (b) Carelessness in weighing at the factories.
- (c) Dishonest weighing and false marking of weights on boxes at the factories.
- (d) Weighing the cheese too green at the factories.

(3) That all certificates as to weights are issued by Mr. McLeod and his staff, and that it is impossible for merchants to obtain blank certificates.

(4) That the weights from those factories that are farthest from Montreal, appear to hold out better than those nearer Montreal.

(5) That the reputation of Canadian cheese in the English market is being seriously affected by the shipping of cheese too green.

(6) That a class of scales are being placed on the market in Canada at the present time, bearing the stamp of government inspection, that are not fit for the purposes intended.

(7) That no complaints have been received in regard to the weighing of butter.

(8) That the only complaint your Commissioners have had in regard to the rules, is in connection with that portion of rule 2, which provides that no gains shall be applied against losses in the average, and the Montreal Produce Merchants Association have agreed to eliminate this.

RECOMMENDATIONS.

Your Commissioners would respectfully recommend that you take into consideration the advisability of amending the Act respecting the weighing, measuring and gauging certain articles of general consumption, assented to on the 18th of March, 1865, so as to permit the appointment of special weighers for special trades.

Your Commissioners recommend that a competent official be appointed under the control and direction of the Dairy and Cold Storage Commissioner with headquarters at the city of Montreal, who shall be charged with the duty of investigating the weights of cheese when shortages arise, and as prompt action is necessary in the matter of reweighing cheese, your Commissioners recommend that such official be instructed to inspect daily the certificates of Mr. McLeod and his assistants and where excessive shortages are shown, that he immediately reweigh the cheese, and the result of his reweighing shall be considered to be the correct weighing between buyer and seller, and be final.

Such official should be competent to judge as to quality of cheese, and when instructed by the Dairy and Cold Storage Commissioner he should inspect as to quality, not for the purpose of acting as arbitrator, but for the purpose of detecting faulty cheese, and that he co-operate with the Ontario and Quebec Departments of Agriculture in advancing dairy interests, by reporting such defects promptly.

This official should also be provided with a thoroughly tested scale and be in a position when he found excessive shortages to go to the factory and examine into the reason for same, and if necessary test the scales in the factory. He should also be on the alert as to any false marking of weights, and where same is found notify the proper authorities so that parties guilty of false marking can be properly punished.

Your Commissioner would further recommend that the Weights and Measures Act be amended, so that all scales at cheese factories would be inspected at least once a year.

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Your Commissioners further recommend that in the interests of the cheese industry of Canada, legislation should be passed preventing the shipment of cheese from place of production under ten days old.

In regard to the present method of payment for cheese it is evident to your Commissioners that there is no desire among the dairymen of Canada, that there should be any change. This is clearly shown by the resolution passed at the meeting of the Dairymen's Association of Eastern Ontario.

All of which is respectfully submitted.

(Sgd.) R. A. PRINGLE,
Chairman.

A. J. HODGSON,
Commissioner.

S. J. MACDONELL,
Commissioner.