

1 EDWARD VII., A. 1901

MONTREAL, February 21, 1901.

To the Honourable
The Minister of Inland Revenue
Ottawa.

The undersigned David Horn, Chairman of the Royal Commission, appointed by letters patent, dated January 2, last (1901) has the honour to report to you, sir, the record, evidence, and report in connection with said letters patent entrusted to me, on the seventeenth of January, nineteen hundred and one.

DAVID HORN,
Chairman of the Royal Commission.

MONTREAL, February, 1901.

Honourable M. E. BERNIER,
Minister of Inland Revenue,
Ottawa.

The undersigned under authority of a commission under the Great Seal of Canada, bearing date the second day of January, one thousand nine hundred and one, issued to and appointing us commissioners to investigate, inquire into, and report upon certain, complaints made with reference to the inspection of grain at the Port of Montreal and of the unreliability of certificates of inspection given in connection therewith, and into all other matters in any way connected therewith which might appear to us should be investigated in order to arrive at a thorough understanding of the question, have the honour to hand to you as directed in the said commission, for the information of His Excellency the Governor General, this, our report, together with copies of such complaints, informations, and evidence coming or taken before us, in the course of such investigation, and do, in connection therewith:

Respectfully submit:

1. That, owing to the disastrous fire on the night of the 23rd of January last, many records, papers and other documents in the offices of several important witnesses, which would have been of material assistance in connection with the investigation, were unfortunately destroyed in the Board of Trade Building, thus hampering the work of the commission, and necessitating the acceptance of evidence, which, in some instances, could only be given from memory. In some cases, evidence which, but for the fire, would have been accessible, was no longer attainable.

2. In order to avoid the recalling of witnesses in connection with each individual complaint, the evidence of many of them was taken as far as possible, covering different cases at the one sitting—thus rendering the evidence as recorded somewhat confusing and difficult to follow: in order, therefore, to make it more comprehensive, a precis has been made covering each case—not necessarily in the exact words as given—but in the sense intended to be conveyed, much that was inconsequential being omitted. In the margin of each precis the folio number of the recorded evidence is shown, in order that by reference thereto, if necessary, the exact words may be found (see appendix B). These abridgments are submitted herewith (see a; pendix C).

3. Having reference to the specific complaints from grain dealers in Great Britain received and investigated (See Exhibits A to V), the commissioners have to report that a representative from Liverpool, viz: the secretary of the Liverpool Corn Trade Association, Mr. John McGuirk, who also acted in a similar capacity for the Bristol and Glasgow Associations, was present during the examination and was allowed full permission to cross examine all witnesses, to inspect all samples produced and submitted, and in a general way was given all information attainable. In like manner, Mr. A. W. McDonell, as representing the London Corn Trade Association, was present during the investigation into the complaints emanating from that city, and it is gratifying to the

SESSIONAL PAPER No. 74

commissioners to be able to record the kindly and friendly manner in which they performed their duties as such representatives, and their expressed appreciation of the facilities afforded them.

4. Mr. H. D. Metcalfe was also in attendance as representing the Montreal Corn Exchange Association, and was accorded the privilege of questioning witnesses, and making any suggestions that would further the object of the inquiry.

5. The commissioners further desire to record their appreciation of the valuable assistance given them by Mr. W. J. Gerald, the assistant commissioner of Inland Revenue, who, from his intimate knowledge of the working of the Inspection Acts, has given them throughout the investigation much information otherwise difficult of attainment.

6. Notwithstanding the fact that as a whole, the complaints, specific and general, brought before the commission, were not fully maintained (See Appendix A hereto attached), it is imperative that the inspection should be done in such a manner as to restore and maintain absolute confidence and that the good name of Canadian ports, for the purpose of grain inspection be kept above suspicion or question.

7. Referring to the communication of date the 8th inst, hereto attached as Document "A" from Messrs J. McGuirk and A. W. McDonell, representatives of the Liverpool, Glasgow, Bristol, and London complainants, the commissioners find that, although they cannot fully agree with all the opinions therein expressed, they feel that the premises taken are in some respects quite tenable, and that there is much therein that should have mature consideration. We consider that adequate measures should be taken to do away with any cause of complaint, and meet the views of British and foreign purchasers, in so far as it can be done, without detriment to other interests.

8. It was shown in every instance in which complaint was made, that, with the single exception of the Dominion and Corinthian cases (which were each proven to pertain to the same lot of corn) the samples retained at the time by the inspector fully justified the certificates given; against this, it was proven, that the staff employed by the inspector was totally inadequate to the proper sampling and the proper supervising of the work, so that the sample viewed and retained by the inspector might quite possibly not be an average one; the sampling and overseeing, while being transferred to the steamers, being necessarily often performed in a hurried and perfunctory manner.

9. Much of the loading from the barges to the vessels is done at night. As only one man is employed to sample and check them all, night and day, it is considered physically impossible, under such conditions, for him to always do this work thoroughly. Between attendance upon all barges and all cars arriving, it is evident that the work of the Deputy Inspector cannot always be so thoroughly done as to obviate the necessity for a more exact checking while the grain is going on board.

Besides being overworked so often, these assistants are not overpaid. The principal deputy, after ten years' service is paid but fifteen dollars a week, though engaged by the year. This is not sufficient remuneration, considering the importance of his work and what depends upon it.

10. It would seem to us that in the matter of proper help, the inspector has been too economical and that much of the trouble that has arisen has been due to his not having had sufficient assistance. The evidence elicited has quite failed to show that the inspector in any respect was other than entirely competent, honest and painstaking.

11. It has been the custom at the port of Montreal for the steamship agents to sign bills of lading for quantities of bulk grain, on the faith of the certificates issued by the company owning and operating the floating elevators, which transfer the grain from the barges lying alongside, to the ocean steamships. Within the last two or three years, serious complaints have been made of excessive shortages in delivery in the United Kingdom and Continental ports, of grain so loaded at Montreal, and investigation into these complaints, has elicited the fact that subsequent to weighing by the floating elevators, and prior to the delivery into the hold of the ocean steamship, the grain has in some cases been subjected to a process of screening, by which from one-half to one and a half per cent of dirt and broken grain has been taken out.

1 EDWARD VII., A. 1901

Within the same period the Elevating Company has added to its certificates in such cases, the words "less blowings" or "less blowings and screenings," without indicating the quantity of such blowings or screenings.

The secretary of the company has stated that it has been legally advised that it must "hold on to the gross weight," although it appeared that when specially desired (see Exhibit C 20) the company has certified to the gross weight, to the quantity screened, and to the net weight delivered to the steamship, and that in this instance the ocean bill of lading was taken out for the actual weight exported. We see no reason why the course pursued in the case of the "Manchester Importer" could not hereafter be followed in all cases.

12. By Exhibit "P" it is shown that the principal shipping companies and steamship agents have now agreed, in future, not to sign bills of lading for grain, unless for the net weight, as ascertained at the time of shipment, sea board clearance, so that it is hoped that the legitimate grievance of the foreign buyers in this respect will henceforth be removed.

13. In cases where the inspector has found grain dirty and requiring to be screened, the evidence shows that the screening is sometimes very inefficiently performed, partly on account of the speed at which the elevator is working, and partly because of the lack of requisite machinery. The inspector should have a sufficient staff to supervise the work as it proceeds, so that he may know whether his requirements have been fully met.

14. It appeared in the evidence that vessels when pressed for time, sometimes loaded in wet or rainy weather, and owing to his not having had sufficient help, the inspector may have been sometimes unable to supervise such loading to the extent he should, and consequently may, at times, not have been advised of such improper loading.

15. It was also shown that in some fifty two instances during the past year, in which the inspection made would not warrant the inspector in certifying the grade expected or demanded, his grading was not accepted, and no certificate was issued, and the parcels were either sold by sample, or certificates procured from some other source, no fees being paid the inspector in any such cases, nor any surveys demanded to settle who was in the wrong (see document 'C').

16. It does not seem to the commissioners proper that the trade should have it in their power to withhold the fee when the certificate is not to their liking, nor, on the other hand, should there be any incentive on the part of the inspector to cultivate business. The commissioners therefore consider that instead of by fee, the inspectors and all officers or employees connected with grain inspection should be paid by salary; and further, that the several grain inspection districts east of the existing district of Port Arthur should be made one with a chief inspector over all, whose duty it would be to bring about a uniform system of grading, and to whom appeals could be referred and whose decisions should be final, except as hereinafter suggested.

17. Should the government be of the opinion that an appeal should be made beyond the chief inspector, the commissioners beg to suggest that such appeal be dealt with by a board of survey, such board to consist of five competent persons, three of whom to be named by the minister of the department having the administration of the General Inspection Act, and the other two by the board of trade of the city where the grain is inspected. The appointment of the members to constitute such boards to be made by order of His Excellency the Governor General in Council.

18. For the purposes of revenue the trade should bear the cost of grain inspection. All fees collected should be deposited to the credit of the Receiver General in the same manner as any other revenue.

19. In the case of foreign grain, more especially, as so much depends upon the standard samples furnished the inspector by the standards board, should the present system be continued, too much care cannot be given to the selection and determination thereof, so that the inspection here may be on a parity with that prevailing at other ports of the Atlantic seaboard.

SESSIONAL PAPER No. 74

It is, however, a question with the commissioners whether it would not be better to abolish the making of standard samples and have the grade defined by classification instead, as would seem to be the practice in the different inspection districts in the United States.

20. The commissioners are of the opinion that the inspector's staff at Montreal should consist of a competent inspector with a sufficient number of efficient deputy inspectors and samplers to effectively perform the work. There is scarcely a doubt that the existing staff has been overworked, and has not been numerically strong enough to give the best results. While it is difficult to state the exact number of such a staff, the commissioners believe that the staff should be materially increased.

21. The commissioners are of the opinion that inspection into vessels should be at the time the grain is being put on board, other examinations being made where practicable, for the purpose of a check upon and verification of the final inspection.

22. In conclusion, the commissioners take occasion to point out that the complaints regarding inspection which have been before them, and to which are attached avowed intentions of discrimination against the port of Montreal if assumed irregularities are not remedied, are not the only factors at present at work having the same ulterior object—they may be only coincidences—but each must, under the circumstances, assist or influence to a greater or less extent the others.

Though not a matter within the purview of the commissioners, yet it is a well known fact that action has recently been taken by the Export Committee of the New York Produce Exchange to omit Montreal from the recognized list of ports through which shipments can be made in fulfilment of contracts; and, although on representations placed before them by members of the Montreal Corn Exchange a stay of action has been secured, the question is not finally disposed of.

Again, the action of the Grand Trunk Railway Company in making Portland its recognized shipping port and alleged discrimination in favour of Portland as against Montreal must have a marked effect.

A third factor, the prospective large shipments from Quebec and the establishment of direct steamship communication from that port, will cause loss of trade to Montreal, but which, as it is only a substitution of Quebec as a shipping port, is of no importance to Canada as a whole, but solely of consequence to Montreal.

Each and all of which circumstances may have the effect of a decreased trade from Montreal, but they do not diminish the necessity for such handling and inspection at Montreal as will re-establish that confidence in Montreal inspection that heretofore existed, but which has apparently of late been somewhat shaken.

The commissioners venture to add that the maintenance of the good name of Montreal as a grain shipping port will in any case depend to a great extent upon the action of the dealers doing business at, and through it.

DAVID HORN,
W. G. PARMELEE,
THOS. A. CRANE.