

Q. Your son promised to have that information when he came back.—
A. You want the number of bottles?

Q. I want the average selling price per quart to the consumer for the year 1932.—A. I have that here somewhere. No, I have not the average price.

Q. You have not the average selling price?—A. You mean the retail?

Q. Yes.—A. Or the wholesale?

Q. No, the retail, the average selling price per quart at which you disposed of the fluid milk that was bought at association prices.—A. No, I have not the average price sold to the retailer.

Q. Can you tell the committee what the average spread was between your cost price per quart and your selling price per quart.—A. In 1931 it was 47 per cent.

Q. Per quart, I mean.—A. Yes, it would be about—

The CHAIRMAN: We want you to be exact.

The WITNESS: Well, it would be .47, not quite half a cent.

By the Chairman:

Q. .47?—A. Yes, not quite half a cent.

By Mr. Tummon:

Q. What is that?—A. The net profit. You are trying to get net profit?

Q. No, I want the spread between the cost price per quart and the average selling price per quart.—A. The spread is 47 per cent.

Q. How much?—A. 47 per cent.

Q. You have not got it per quart?—A. I have not got it per quart; it amounts to a little less than half a cent.

Q. That is your profit; that is not the spread.—A. Wait a moment.

The CHAIRMAN: While he is looking for that, gentlemen, I should like to ask Mr. Stirling to take the chair, as I have to go right away.

(Mr. Stirling takes the Chair.)

Mr. TUMMON: I understand Mr. Senn has just received word that his wife's brother has died. We are very sorry that Mr. Senn has to go away under those conditions.

The WITNESS: The spread per quart is what you want?

By Mr. Tummon:

Q. Yes.—A. It would be in the neighbourhood of four cents.

Q. There is no use guessing. What we want are the actual figures which your son promised. He said he would have the information.—A. Well, he did not give me that information or the bookkeeper did not.

Q. If you have not got that information, I am no further ahead with this question that I was when your son was here before. What did you do with the surplus milk, Mr. Cousins?—A. Surplus milk?

Q. Yes.—A. Some of it was separated; the major portion of it was separated, and some of it was used to meet poor competition, low priced competition.

Q. Some of it went into fluid milk?—A. Some of it went into fluid milk.

Q. Some of it purchased at surplus prices went into fluid milk and sold at the usual prices?—A. No.

Q. It went into the price that made your average price per quart, then?—
A. Yes, exactly.

Q. You cannot give us, I presume, the average price in regard to that either?
—A. You mean the average selling price?

Q. Yes. You said that you separated considerable of it.—A. Yes.

Q. And sold it as what?—A. Cream.

Q. Sweet cream?—A. Yes.

Q. Did you buy any other sweet cream?—A. Yes.

Q. Have you the quantity of sweet cream that you bought?—A. Yes—no I have not the amount of cream purchased.

Q. You have not the amount of cream purchased at all?—A. No.

Q. You have not the amount of the number of pounds of sweet cream purchased?—A. No, I have not.

Q. Or the pounds of butter fat?—A. No.

Q. I am no further ahead, Mr. Chairman, than I was before. I want that information though.—A. One moment, Mr. Chairman. The price paid—we do not compel the farmer to send his surplus milk to us. As a matter of fact, we often stop it, as I said just now; we stopped 200 cans last week, and we separated yesterday 250 cans. Now, I want to show you the disparity between what the farmer does with his milk, if he takes the milk to the butter factory under present existing prices, 100 pounds of butter contains, as you know, 84 pounds of butter fat and 10 per cent of moisture; but also contained in that 84 pounds of butter fat is from 3.36 to 4 pounds of salt; per hundred pounds of butter we pay the farmer \$1.01 as against milk sent to the factory of 63 cents, and you add 25 cents for carrying charges and that gives him 88 cents, and we pay him \$1.01. We do not compel the farmer to send his surplus milk to us, but he will insist in sending it, because he gets a better price for it.

Mr. TUMMON: I want that information, Mr. Chairman, and I am asking for it; they promised to get it.

By Mr. Pickel:

Q. Mr. Cousins, in your figures for depreciation, I think you acknowledged some \$80,000?—A. Yes, I have that here.

Q. Well now, in the statement that your son made the other day, we find as depreciation for machinery, \$15,000, delivery equipment, \$7,000, buildings, \$2,000. How do you reconcile those two statements?—A. Well, he possibly did not have the figures here. What year was that for?

Q. 1932.—A. Well, I have the depreciation here for 1931 and 1932—oh no, I have not got that.

Q. Why is that discrepancy there? Do you not think \$80,000 is pretty high depreciation?—A. No, not on dairy machinery. For instance—

Q. You do not have to replace every year or every two years?—A. Oh, yes, a lot of it you do. It becomes obsolete at once. The lactic acid in milk simply tears it all to pieces.

Q. How much did you distribute in 1932?—A. I have not those figures here.

Q. You have not?—A. No, I have not the amount of cream.

Q. You will give them to the Chairman?—A. Yes, I will send them up with the other information required.

Q. Can you tell us what percentage of your surplus milk you separate?—A. Yes, separate possibly 70 per cent of it.

Q. Seventy per cent?—A. Yes.

Q. Mr. Cousins, how do you sell your cream?—A. By its butter fat content.

Q. In what grades do you sell?—A. We sell it in 15, 20, 25, 35.

Q. What are the prices?—A. What are the prices?

Q. Yes.—A. It runs about 6 cents a point.

Q. You sell in half pints?—A. Yes.

Q. For 15 per cent butter fat, you get how much?—A. That would be 90 cents a gallon.

By Mr. Moore:

Q. How much for a half pint?—A. Oh, the same thing, it all depends.

By Mr. Pickel:

- Q. For the 20 per cent?—A. The same thing applies. We charge—
- Q. How much do you get for the half pint of 15 per cent cream?—A. How much do we get for it?
- Q. Yes.—A. It all depends. In the winter time and the summer time it is in a different category.
- Q. You are evading the question.—A. No, I am not.
- Q. How much do you sell 15 for in half pint sizes?—A. Fifteen cents.
- Q. Twenty per cent cream?—A. Twenty cents.
- Q. Twenty-five per cent?—A. Twenty-five cents.
- Q. Thirty-five?—A. Thirty-five per cent?
- Q. Yes.—A. Thirty-five per cent runs about 35 cents.
- Q. For a half pint?—A. No, for a pint.
- Q. Give us the half pint.—A. Is it a half pint you want?
- Q. Yes, that is what I thought you were giving. Were those figures for a half pint or a pint?—A. I don't know just exactly, what they are for.
- Q. How much did you sell your 15 per cent cream for?—A. It depends on the time. If it was 90 cents a gallon, and eight pints to a gallon—
- Q. How much do you sell it for? How much do you sell it for to your customers? How much do you ask for a pint of 15 per cent cream?—A. Wholesale or retail?
- Q. The average.—A. It is 12½ cents.
- Q. Twenty per cent?—A. That would be about 20 cents.
- Q. Then, those are the figures you gave me before, and they were for pints, instead of half pints?—A. Exactly.
- Q. Now, is it not a fact, Mr. Cousins, that there is a good deal more money in the cream trade than in the milk trade?—A. Oh yes, because there is a greater loss in it.
- Q. And you have purchased 70 per cent of surplus milk?—A. Exactly.
- Q. And you are selling it for sweet cream?—A. Yes, that is true, but you see the skim milk goes down the drain.
- Q. It is all lost?—A. It is all lost, unfortunately.
- Q. All that skim milk is lost?—A. Unfortunately, yes.
- An Hon. MEMBER: Don't you send it back to the farmer to feed hogs? It is not all lost.—A. If the farmer likes to pay costs, we would be very pleased to send it back.

By Mr. Pickel:

Q. Now, as regards dividends, I have a letter here that I would like to read to you from one of your stockholders:

Incidentally, it may help the poor fish who bought the Ernest Cousins Limited stock, six years ago and have only received two quarterly dividends.

In 1931, I wrote Mr. Cousins and received no answer. Then I asked the Montreal Star for information regarding Mr. Cousins milk business. Mr. Whitrod interviewed Mr. Cousins after which Mr. Cousins wrote me they would commence paying dividends January 14, 1932, which he did, also on April 14, 1932, seven per cent on \$1,250. That was our first and last.

I again wrote Mr. Cousins on December, 1932, no reply. Again I wrote the Montreal Star after a month; Mr. Whitrod wrote me he had not been able to get in touch with Mr. Cousins, but would as soon as possible.

If Mr. Cousins has paid other dividends, they must be more dead stock on paper, certainly not cash.

What have you to say to that, Mr. Cousins?—A. I don't know in the first instance, who wrote the letter—

Q. I do not know that it would do any harm, but I am not going to tell you the name.—A. It does not make any difference, but if any letters come into our office—

Q. I do not think he is a milk shipper, I do not know, but he does not say so.—A. I have not the faintest idea, but here is a report of the dividends paid, apart from the stock dividends. In April we paid \$2,678.89; in July we paid \$2,678.89; in October we paid \$2,678; in January, 1932, we paid the same, and so forth.

Q. Mr. Cousins—.—A. If the lady did not get her dividends, there must be something wrong.

Q. —it is Mrs. Ellen Payne Boyd of 36 City Ave., Granby.—A. Yes.

Q. How is it she did not get her dividends?—A. I have not the faintest idea, but I will take the matter up. If the dividends were paid at that time, she received or—this is George Payne's daughter, is it?

Mr. TETREAULT: She is his sister. Her cheque was mislaid somewhere.

The WITNESS: I wonder if you will be kind enough to let me have that letter.

Hon. MEMBERS: No, no.

The WITNESS: There is no animus against it. If the lady has not received her dividends it has gone astray, because dividend cheques have gone out.

By Mr. Bowman:

Q. Give him the address.—A. I know them well; I know Colonel Payne and his sister well.

By Mr. Pickel:

Q. Who are the directors of your company?—A. Reynolds.

Q. Reynolds from where?—A. From Granby, Andy Cordner, N. Cohen, Fred Cleary—I am not quite sure—of course, myself and my son are on the board, and I do not know what others there are.

Q. How often do you meet?—A. At the call of the Chairman.

Q. How often does the Chairman call them?—A. About once every three months.

Q. Do they attend every three months?—A. Some of them do, some of them don't.

Q. You own how much of the stock?—A. You mean the company's stock?

Q. The Ernest Cousins Company.—A. We have gone through that, that gentleman has those figures.

Q. You can just repeat it.—A. About 70 per cent of the company's stock.

Q. What percentage of the preferred?—A. I have not that figure in my mind, but I will let you have it.

Q. Send them up?—A. Yes.

Q. Mr. Cousins, is there any reason why the farmer should be penalized for surplus milk, the surplus milk you get when you get that milk and sell it for sweet cream, getting a good deal higher percentage on the transaction than you would on whole milk?—A. On the basis of which?

Q. Or is it just a means of getting something for nothing?—A. No, we ask nothing from the farmer. He has the privilege of sending his milk to the butter factory, where he gets far less.

Q. That does not get us anywhere. I have two or three milk returns here, and I notice in January that the—.—A. Yes.

Q. Do you regulate your test by the price you pay?—A. Yes.

Q. You regulate your test or percentage.—A. No, we buy all milk at 3.5.

Q. That is the standard?—A. Yes, and I might raise a very moot point here. I have here a compendium of all the tests for a year, and I might say here that most of our milk is Holstein milk, which I think is a more wholesome milk than that derived from any other cattle; it is all right to the point, and this milk averages 3.4, 3.4, 3.3, 3.3, 3.4, 3.3, 3.3 3.3, 3.2, 3.4, 3.2, 3.4, 3.4, 3.4, 3.6, 4., 3.5, and so right the way through the dates. Now, the milk which we put out, I have here certificates from Dr. Donald, containing bacteria counts, and butter fat—

Q. All right, Mr. Cousins.—A. The milk we put out runs 3.8 and as high as 4, 3.6, 3.6, 3.8, 3.8, 3.7, 3.8.

Q. Excuse me, this is the milk you distributed?—A. Yes, that is the milk we distributed.

Q. The milk you received does not average 3.5?—A. No, some of it, no.

Q. How do you increase it, then?—A. Why, we simply add cream to make good milk out of it.

By Mr. Spotton:

Q. Mr. Chairman, I would suggest, as we have another witness here, and since the memory of the present witness is so poor, and since he has not a decided definite statement to make from his own knowledge, but falls back on the auditor's report, we are getting nowhere, we are wasting time. I would suggest that the committee relieve this witness for the present, and the sub-committee use its discretion in recalling him again, and bringing his auditor with him. The son was too young, and I am afraid the father is too old; his memory is failing.—A. Possibly, yes.

Q. You may be a milk baron in Montreal, but you are a common, ordinary private citizen as a witness before this committee.—A. Yes, sir.

Q. You have not helped your case this morning.—A. It is perfectly all right.

Q. I would move, Mr. Chairman, that you relieve this witness temporarily, and the sub-committee use its discretion about recalling him, and bringing somebody with him who knows something, and who is not a sidestepper, and that we go on with the next witness.

Mr. BERTRAND: I second that motion, Mr. Chairman.

The ACTING CHAIRMAN: It is in the hands of the committee. I should not like to prevent any members of the committee from asking any questions they desire to ask now.

Mr. DUPUIS: I should like to ask a question.

The ACTING CHAIRMAN: Mr. Porteous was on his feet first. Dr. Pickel, have you finished?

Mr. PICKEL: Yes, I have finished for the time being, seeing he is to be recalled.

Mr. TUMMON: I just want to make a statement before this witness retires. This witness was asked for the information that I have asked for, and I do not propose, as far as I am concerned, to release the witnesses of this company until I get that information.

The WITNESS: That is perfectly all right, sir.

By Mr. Porteous:

Q. I should like to ask a question or two before the witness is dismissed, with regard to surplus milk. You made a statement that you give the farmer the preference of keeping his surplus, if he so desires?—A. Most decidedly.

Q. Have you any patrons who do that?—A. Well, we compel them to do that, sometimes.

Q. Of their own free will and accord, have you any patrons?—A. Of their own free will and accord, that is their privilege, and it is a different proposition.

Q. Now, there is one other thing I would like to ask you—A. As I told you, last week we stopped 200 cans to the detriment of the farmer.

Q. In 1931 you said you had a surplus of twenty-nine point something per cent?—A. Exactly.

Q. And then there was a statement presented here that showed that you paid to one of your patrons a surplus of about 50 per cent?—A. Possibly.

Q. Can you account for that in any way?—A. Very easily. Possibly that man had hardly any milk during the winter season or when we needed it most, and when the flood came his cows had calved, and he simply shipped that milk in—simply shipped it in and got a better price than shipping it to the butter factories.

Q. How did you allot to the patron the percentage of surplus?—A. Just on the amount he shipped in the hard time.

Q. Over a period of shortage?—A. Over a period of shortage, yes.

Q. What is that period?—A. Well, it extends possibly from the 1st of November until the end of February.

Q. Yet, it is possible that the patron may have a percentage—one patron may have had a percentage of over 75 per cent in surplus milk?—A. Yes. We have some men who practically dry up during the winter months and all their cows calve in the spring and they ship all their milk in.

Q. And you have others that during that short period will put up a constant supply, and they will not have any surplus milk?—A. They will have hardly any.

By Mr. Dupuis:

Q. Mr. Cousins, you said that your company is losing on separate milk which is made into cream or butter. Well, how much milk did you separate during the last six months, month by month, could you give that?—A. No, I have not got those figures.

Q. Say since September last?—A. I could not give you those figures. Yesterday we separated 250 cans, 2,500 gallons.

Q. Yesterday?—A. Yes.

Q. That is one day alone?—A. This is the time when the flooding begins.

Q. I want to know the facts since September?—A. I could not give you those figures because I have not got them.

Q. When you go back, when you are called again with your accountant, with your books, could you provide the committee with all those details?—A. Possibly, yes.

Q. Why do you say possibly?—A. Because—

Q. Why don't you say positively?—A. No. I would not say positively to anything.

Q. You do not put that in your books?—A. Oh, yes, the amount of surplus is all in our books—the amount that is separated. Well, I presume it is. I do not keep track of that myself.

Q. I did not say yourself, but your company does?—A. Possibly, yes.

Q. Well, somebody in your office does that work?—A. Oh, yes.

Q. Well, I want to know this month by month since September, 1932—I want to know how much surplus milk your company had and how much milk you did separate and what you did with it?—A. Well, I have told you the amount of surplus that we had. I have given you those figures.

Q. How much milk did you separate; would you be able to give us that?—A. I will try to be able to let you have those figures.

By Mr. Brown:

Q. The questions I am going to ask may seem somewhat trivial compared with the big matter that Mr. Bowman was dealing with, and yet they refer to the spread in a good many items that go to make up the spread between the price you pay and the price at which you sell to the consumer. Now, when your son was here, for instance, he gave us one item in your delivery expenses, referring to the year 1932. He told us that costs for wagons and sleighs were \$2,835.76. Now, that was given us as delivery expenses on an average of 36 routs for 11 trucks. Is that under that heading?—A. Yes.

Q. Then, further on we were given depreciation on delivery equipment \$7,297.61. Now, is it not possible that there is some over-lapping in depreciation for delivery equipment?—A. No, that is kept separate and distinct.

Q. Yes, but do you mean to say then that your replacement charges for wagons and sleighs over the year is \$3,000?—A. Oh, yes, easily.

Q. And there is no further account taken of these items in your delivery equipment?—A. Just exactly how do you mean?

Q. You see you have two items that we might think as possibly over-lapping—wagons and sleighs \$2,839.76?—A. Yes.

Q. Now, that is an annual charge?—A. Yes.

Q. Then you have depreciation on delivery equipment \$7,297.61?—A. Yes.

Q. You are quite satisfied that there is no over-lapping between those two items?—A. I am fairly well satisfied, yes.

Q. We would like to be sure. Now, there is another item which appears to be small but yet it may add considerably to the making up of this spread. For instance, you have shoeing of horses \$3,065.32?—A. Yes.

Q. Your son told us when we asked him how many horses you kept—he said 45 or 50?—A. Yes.

Q. Taking it at 50 that would be \$60 per year for the shoeing of a horse?—A. That is very reasonable.

Q. It may be, only those of us who have had some experience in having horses shod for other purposes are not so sure it is perfectly reasonable. How often have you to have your horses shod every year?—A. In the winter time, the caulks have to be removed almost every day.

Q. Well, it may be alright. I wanted to know?—A. I am explaining the circumstances. We keep our own blacksmith to shoe our own horses and he has to go through these horses every day, especially when the roads are slippery and put caulks into those shoes.

Q. You use the shoes that have removable caulks?—A. Exactly.

Q. It may be reasonable; but it seems to me on the face of it—A. No, that is very reasonable. Now, the man in the city—the blacksmith charges you \$3 to shoe a horse, and you may have to get a horse shod two or three times in a month—more often than that sometimes. You know that the roads in the city are totally different from the roads in the country.

The ACTING CHAIRMAN: I think, gentlemen, that we should take the opinion of the committee with regard to the motion that is before us. Mr. Spotton has moved that the witness be released for the present and that the sub-committee consider whether it is desirable to recall him accompanied by his accountant. Is the committee ready for the question?

Mr. CARMICHAEL: The idea back of that was to hear the next witness if we have time.

The ACTING CHAIRMAN: We should remember that we have permission to sit while the house is in session. We can meet again in order to hear the other witness. What is your wish in connection with Mr. Spotton's motion; are you favourable?

Motion carried.

Mr. Cousins, we are finished with you for to-day.

Mr. BOWMAN: There must be somebody in your company Mr. Cousins, who can give us the financial set-up.

The WITNESS: I will fetch the auditor up next time.

The ACTING CHAIRMAN: The next witness is Mr. Monette, who gave us evidence before; do you wish to proceed now. Mr. Monete has already been sworn.

Mr. F. MONETTE, recalled.

By Mr. Bowman:

Q. Mr. Monette, there is one point I would like to cover a moment or two in your previous evidence. Mr. Chairman, would you mind giving Mr. Monette a copy of the evidence?—A. I have it.

Q. Will you kindly refer to page 157?—A. Yes, sir.

Q. At the bottom of page 157, Mr. Tummon asked you these questions and these answers were given by you:—

By Mr. Tummon:

Q. Do I understand that you pay for your milk really at a flat price?—A. Flat price, sir.

Q. In January of 1932, what did you say that was?—A. We paid in January, \$2.08.

Q. 1932?—A. Pardon me, 1932 we paid \$1.46.

Q. Was that the price to all of your producers?—A. To every one of our shippers.

Q. You paid that to every one of your shippers?—A. Every one of our shippers, no surplus, no skimming.

Q. Now Mr. Monette, what price is given there?—A. \$1.40 at Howick on the first of January.

Q. These figures differ from yours?—A. I think, if you take more time, I can send you a list of every shipper and the price they got.

And then at the bottom of page 158 you are asked this question by Mr. Dupuis.

By Mr. Dupuis:

Q. Would you tell me what you paid?—A. The average price was \$1.05.

Q. To Howick people?—A. Mr. Elliott over here in May had one dollar instead of \$1.05. That means very likely that somebody had \$1.10, generally \$1.10.

Now, you remember those questions and answers, do you, Mr. Monette?—A. Fairly well, sir.

Q. And you remember a particular account that was referred to at that time?—A. Yes, sir.

Q. The Elliott account?—A. Yes.

Q. And has your company since given notice to Mr. Elliott, whose evidence was used in this committee, that he was to stop shipping to the company?—A. Yes, him and many others.

Q. Yes. But you did, subsequent to Mr. Elliot's evidence being given to this committee—you did give notice to Mr. Elliott that you would no longer take his milk?—A. Yes, and some others from the district as well, we have about 75 of them here, right here (indicating list).

Q. Prior to the time that his statement was used in this committee, Mr. Elliott had been shipping to your company for about 2 years?—A. I don't remember anything about that, sir.

Q. Will you admit that that is a fact?—A. We will admit it.

Q. You will admit that?—A. Yes.

Q. And shortly after his statement was used in this committee he was quietly told that the company did not want his business any longer?—A. I have got a copy of a letter to him and some others that we sent out, if it is of any interest to the committee I will read it.

Q. All right, we want to be fair?—A. "We are sorry to say that unless there is some improvement in the market for milk we are compelled to ask you to stop shipping after March 25 next. Our dealings together have been most satisfactory, and we only hope it will be possible for us to ask you to resume shipments again as soon as the flush is over."

Q. How many was that sent to?—A. How many was that sent to—I will count them, sir. There are the letters, sir, I would say about seventy-five had been cut off.

Q. And they were all in that particular district?—A. No, not all of them. I have some in the district of St. Agnes. We did the same to them also. If you want some more in the same district I can give them to you.

Q. That may be right, but to some of the members of this committee to whom this information was brought it appears rather significant that because you were confronted with a statement of Mr. Elliot's which did not agree with your statement he should be among those who are cut off?—A. That is not the reason, sir.

Q. That is not the reason, not any more?—A. That is not the reason for it.

Q. All right—

By Mr. Dupuis:

Q. Mr. Monette, you might explain again why there was this difference, if I remember correctly you gave the reason before?—A. Of the difference?

Q. Between the general average price, and the price paid to Mr. Elliot?—A. Yes, I got a little mixed up in not using the right word, about average and the average price, I think I should have used the word "uniform price."

Q. Was Mr. Elliot shipping milk the year around?—A. He was shipping, evidently, all the year round. If you will allow me, I would tell you that there is a truck running there, around that section, which they are not going to have next year.

Q. Now, Mr. Monette, I asked the previous witness to tell us how much milk he separated since September, 1932. He said he was unable to give these details. Are you able to give them?—A. I could not give them.

Q. How much do you separate, as much as these other companies?—A. I could not give, Mr. Dupuis, how much milk Mr. Cousins separates.

Q. Your company?—A. I can give you the skim milk for the whole year.

Q. Since the month of September last?—A. I cannot give you that, Mr. Dupuis, I can give you the total milk skimmed in 1932—we skimmed 165,000 gallons.

Q. Yes, but that does not give the details?—A. I can't give the details because, Mr. Dupuis, we are buying our milk on a different basis. The surplus milk and the skim milk belong to the company; we pay so much to the farmer.

Q. According to your experience, Mr. Monette, is there during the winter time an over-production of milk generally?—A. Not generally, but this year when there was no shortage—

Q. No shortage?—A. No shortage this year. I have been in the business a long time and this is one of the first years that we did not have any.

Q. To what cause do you attribute that?—A. More shipping, more people wanted to ship milk to Montreal.

Q. Oh, I see.—A. Now, the States have been shut off a few years ago and all these people had no market for their milk. Naturally they looked to Montreal. We have a great many shippers in eastern Ontario that never came to Montreal before who came in this year.

Q. As a general rule, Mr. Monette, is there much over-production in the winter time?—A. As a rule, no sir.

Q. And, is there much surplus of milk in your companies in Montreal in the winter time?—A. Well, we had a surplus this year. As a rule we don't have it.

Q. What percentage of surplus do you have in your company during the winter months?—A. That is very—if you would say February.

Q. Say, October to February?—A. It is hard for me to tell you that, in January—the end of December to the 15th of January there is not that quantity of milk sold as at other times, in the winter time, because during the holidays people do not drink milk. And then, there is a surplus. There is always a surplus during that time—I would say from Christmas until after or about the 15th of January.

Q. You consider that is the cause of over-production?—A. Well, I would not like to say it is over-production.

Q. I mean over-shipping?—A. No demand for milk then.

Q. That is, under-consumption?—A. Yes, that is under-consumption.

By Mr. Mullins:

Q. Mr. Monette, what is lactic acid?—A. Lactic acid, oh, that is a milk—sour.

Q. What is it used for?—A. In other words, that would be sour milk.

Q. What is that?—A. Lactic acid is practically sour milk. It is an acid that is sour.

Q. You use it for souring milk?—A. No, we do not use that acid at all.

Q. One of the witnesses told us that it depreciated the machinery?—A. Yes.

Q. I just wanted to get at what the idea of it was?—A. Well, of course, if milk gets sour we say it is acidy—

Q. It might mean—A. In the business, that is, in our company we have depreciation on automobiles of 20 per cent per year; on rolling stock 15 per cent; on machinery 10 per cent; and on buildings 2½ per cent. That is what we are allowed by the income tax.

Q. Now, milk that you get in must test 3.5?—A. Why, not exactly, sir, because the law will allow you to get in milk 3.25.

Q. Supposing it comes in below that, do you put some cream into it?—A. We have got to do that if it is below standard.

Q. To bring it up?—A. But, when we have that milk below standard it shows that some of the producers are getting careless, or too anxious, and we check them up and send word to stop them from shipping any more. We say that is very dishonourable.

Q. You make buttermilk?—A. We make buttermilk—not very much, sir. We are a new company.

Q. What do you get a quart for that?—A. We hardly—well, I can't answer that because the most of our business is wholesale.

Q. Oh yes?—A. We sell a few quarts around 8 cents a quart. Not enough to be of any interest.

Q. And you manufacture from the culture?—A. From a culture, yes.

By Mr. Dupuis:

Q. I have a very important question to ask the witness, as it comes to my mind; it is generally understood in Canada that in large centres milk dealers

make falsified cream and falsified milk with chemical processes. I would like to ask the witness if, in good faith, he can tell that those things are done in Montreal?—A. Not to my knowledge, sir.

Q. Well, didn't you ever hear about it?—A. Oh, there are rumours, naturally, Mr. Dupuis. It seems that a fellow is honest all right until he gets into the milk business, and then he is branded as a thief.

Mr. MULLINS: He is done then. I have been in the wrong end. I have been in the cow end, and you are in the milk end. I have had the wrong end.

The WITNESS: I am not so sure.

By Mr. Dupuis:

Q. I suppose you are not ready to admit that there were some of these milk dealers that make falsified butter with cocoanut oil?—A. That was done some years ago.

Q. And in the criminal courts we find many names in Montreal and other large cities that have paid a fine?—A. Yes.

Q. And how is it that in good faith you cannot tell this committee that this thing is currently done in large cities?—A. It is not currently done in Montreal. We have a by-law, and our officials are efficient, and they look after that thing.

Q. That by-law is there to be broken, I suppose?—A. The same as any other.

Q. It is like traffic laws?—A. Yes.

Q. Nobody is allowed to go more than thirty miles an hour, but everybody does?—A. Well, it is not the case in milk.

Q. Suppose the thing occurs in large cities like Montreal, Toronto, Winnipeg, that milk dealers are doing these things, selling falsified cream and falsified milk and butter, what would you suggest to the committee to do to prevent those things?—A. Well, you have got sufficient by-laws now, Mr. Dupuis, to prevent all those things; and I can say for Montreal that it is well applied and well looked after. About these people that were making some adulterated butter, the government got after them; and to-day, with butter around 16 or 20 cents, there is not the incentive that there was before when butter was 40 cents. To-day they have got to pay 10 or 12 cents for cocoanut oil; in selling their butter at 16 or 18 cents, it does not pay them to do that, so they are driven practically out of business.

Q. Is there any peanut butter sold these days?—A. There is peanut butter sold as peanut butter.

Mr. DUPUIS: Mr. Chairman, I wanted to clear my mind on that question which is most important, and I would like you to take the proper steps to bring in before this Committee a chemist that could tell us if it is right that these things are done, or inspectors of the Government.

Mr. PICKEL: Enforce the law, that is all; just enforce our law.

The ACTING CHAIRMAN: That matter can be considered by the sub-committee.

By Mr. Moore:

Q. Mr. Monette, a few minutes ago Mr. Bowman asked you a question about Mr. Elliott's milk. Can you tell me how many you have discontinued taking milk from? You said you had the list of names there?—A. Yes.

Q. Some others?—A. Do you want me to count them?

Q. No; about how many approximately?—A. I just answered that; about fifty, seventy-five; there is the list.

Q. How many would that show?—A. I would say about seventy-five; perhaps fifty. I am not sure. The names are all there.

Q. Yes; you have taken on no new customers since?—A. Certainly not, no.

Q. None at all—A. There will be some more to be discontinued as well.

Q. We will say the 20th of March?—A. Yes.

Q. In the first place, I would like to know what quantity of milk you were receiving from those that you discontinued?—A. I would say about 150 cans.

Q. About 150 cans?—A. Yes.

Q. That is how many gallons?—A. About 1,200 gallons.

Q. About 1,200 gallons?—A. Yes.

Q. We will say on the 20th of March you have a milk distributing route in Montreal?—A. Yes.

Q. You were selling 1,200 gallons, the same on the 20th of March that you were on the 30th of March; your business must have gone to pieces?—A. No, not exactly that way.

Q. Well, about that; that is approximate.—A. Oh, yes; but you are taking the wrong thing.

Q. Wait a minute—A. I will wait.

Q. You have discontinued; you say you were receiving about 1,200 gallons from this number, anyway?—A. Yes.

Q. 1,200 gallons?—A. Yes.

Q. I know what you are going to say.—A. Yes.

Q. That you have had this 1,200 gallons of milk from some of your people, other people; that is what you are going to say?—A. That is the only logical answer I can give you.

Q. But 1,200 gallons of milk, the difference on the 20th of March and on the 30th of March— —A. Yes.

Q. —to one milk distributor is a lot of milk?—A. Yes, I agree; but if that was the reason, it would be very different. But it is because the other shippers have increased their quantity.

Q. But have the other shippers increased 1,200 gallons?—A. I told the committee that there was a surplus of milk all winter this year, and we carried that surplus as far as we could, and when it came to the 20th of March, and it was going up, or was larger, then we had to discontinue some of the shippers and that is what we have done.

Q. These shippers whom you have ordered to discontinue shipping milk to you are all from the same district?—A. No, sir, they are from all over; from Finch, from Avonmore, Ste. Agnes de Dundee—Mr. Quenneville from Ste. Agnes de Dundee.

Q. Are the majority of those whom we have discontinued— —A. Yes.

Q. Are they all round year shippers?—A. If they are year around shippers?

Q. Yes?—A. Some are.

Q. Most of them, yes.—A. I would say some of them that there is in this, say Cardinal for instance, they are not year around shippers, because we took them on last February.

Q. You could easily understand discontinuing with them?—A. I quite understand your position on that. But the reason that you infer is not the logical reason. The reason is because we have too much milk; and we did not select Mr. Elliott more than anybody else, because we had some in the same district, and this truck that is hauling milk which we are discontinuing.

Q. But the implication looks rather—

Mr. DUPUIS: More or less circumstantial.

Mr. MOORE: Yes, a coincidence.

By Mr. Pickel:

Q. How many did you discontinue last year?—A. That is more than I can say. I could not say that. It depends altogether on the season of the year and the quantity of milk that we receive. We carry on as long as we can.

By Mr. Moore:

Q. Another question; you said you had a heavy surplus all last summer and last winter; you carried it?—A. Yes.

Q. Why are you not doing the same thing now?—A. Because we don't look for any increase in the price; generally in the spring of the year the price does not go up.

Q. You carried them through the surplus before; now you discontinued?—A. We discontinued the same as we do every year. We do that every year, in the spring of the year.

By Mr. Bowman:

Q. How is it you happened to discontinue that man?—A. There is no discrimination; there is a truck that does not stay there to receive milk there in that district, and Mr. Elliott happened to be sending his milk in that truck; that is why we say we discontinued him. I will go further. We had some milk shippers in that same district that were shipping by C.N.R. and we keep them on because it suits us to do that.

By Mr. More:

Q. Yes, but the general opinion—my own opinion and the opinion of the committee, I should say is had not Mr. Elliott's name been brought into this committee, that he would still be shipping milk to Mr. Monette.—A. Well, of course, that is your own opinion.

Q. Not my own opinion; the opinion of the committee.—A. Well, I can't say any more than that I am under oath, and I told you it is not the reason. If you don't believe me, I may as well quit.

Q. If I understand Mr. Monette rightly, he says that Mr. Elliott was on a route that was being served by a truck?—A. Yes.

Q. Is that right?—A. Yes.

Q. He was one of a number of shippers who were shipping by truck?—A. Yes.

Q. And it was in their interests to cancel that truck?—A. Exactly.

Q. That seems to be reasonable.

Mr. SPOTTON: Of course, reasonable.

Mr. BROWN: It seems to be a coincidence.—A. I can give you some other names as well. It is all on here.

The CHAIRMAN: Now, gentlemen, it is two minutes to one. I think you should make a decision as to whether you wish to continue this afternoon or not.

Mr. TUMMON: I can get through, as far as I am concerned, in a very few minutes.

The CHAIRMAN: Well, are there other questions that members want to ask? Do you wish to go on now?

Some hon. MEMBERS: Finish up.

The CHAIRMAN: Go ahead.

Mr. TUMMON: I just want to say in regard to the matter that is under discussion by Mr. Moore and Mr. Monette, that it is rather unfortunate, Mr. Monette, that Mr. Elliott's name was included among those whom you discontinued, due to the fact that his name was brought in the other day when you were here, unfortunately to be regretted. I as chairman of the sub-committee have had scores of letters from producers who do not want their names mentioned, do not want to be brought in because they feel that if their names are made public that the dealers will discontinue taking milk from them. Now, I say that it is unfortunate that Mr. Elliott's name was included, under the circumstances, because I do not want to believe, and the committee do not want to believe

that the dealers of Montreal will turn round and try to punish those who seek to give information to this committee which is trying to get at the facts; and as a committee I say, we regret the incident very much. Now, a little while ago, you said that you put a certain amount of cream into the low testing milk in order to bring it up to 3.5. Can you tell the committee how much cream you put in?—A. Naturally it would not be very much of a quantity, because we do not want to receive milk that is below the standard.

Q. Is not that illegal?—A. To add cream?

Q. To add cream.—A. You have to do one thing or the other. You have got milk that you cannot put out, because if you sell it it would be under the law, and if you put cream into it, well, it is against the law. I am going to say this is the explanation, that probably some of the farmers ship milk below the standard, and we get in such a position, sometimes, you know, that we cannot help—

Q. Is there any such by-law which says that you shall not add to nor take away from any of the milk that comes in?—A. Is it? The by-law will tell you that, Mr. Tummon, I do not think we should come here and it be made a crime for adding cream to our milk.

Mr. MOORE: It is against the law.

By Mr. Tummon:

Q. Have you the total number of pounds of milk you purchased in the year 1932, Mr. Monette?—A. Yes.

Q. Will you give that to the committee?—A. Yes, 12,935,423 pounds.

Q. And the average price per hundred pounds paid?—A. I can give you that month by month, not for the year.

Q. Not for the year?—A. I cannot give it, because I am going to tell you why. Sometimes, in the summer time, and in the winter time, we may receive more milk than we do at other times, and that is the reason.

Q. That would not stop you from making an average for the year. I have figured too many averages to be told that.—A. I am not keeping the books.

Q. That is alright.—A. If it had been only asked for, I would have done that. I came the last time, and gave you the prices for milk month by month, that was paid.

Q. You said you were going to tell me the reason why, that is all.—A. The reason why?

Q. Yes. Now, then, you purchased cream outside?

Mr. DUPUIS: Would it not be interesting to the committee to have it month by month?

Mr. TUMMON: I think we have that.

The WITNESS: You have the sale price for all milk sold by the gallon?

Mr. TUMMON: We have that all in the evidence.

By Mr. Tummon:

Q. I think you purchased sweet cream?—A. Yes, sir.

Q. Have you the total amount of sweet cream purchased in 1932?—A. No.

Q. Will you be able to supply that to the committee?—A. Sure.

Q. Giving the total number of pounds of sweet cream?—A. Yes.

Q. And the pounds of butter fat in it?—A. Yes.

Q. Did you purchase any sour cream for churning purposes, or cream for churning purposes?—A. Yes.

Q. Will you give us the total amount of the purchases?—A. Yes; the government has that. You have that in the Department of Agriculture.

Q. Yes, but I want it from you, and the total number of pounds of churning cream and pounds of butter fat.—A. Do you want to know the price as well; is that in your interest?

Q. Yes, give us the prices.—A. Do you want it month by month?

Q. No, the total for the year 1932. Does that include what we might call all the raw products of milk that you purchase; that is, fluid milk, sweet cream and churning cream includes all your total purchases?—A. Yes, total purchases. That would not include the total purchases, because sometimes I buy butter. Shall I include that?

Q. Yes, you may include that.—A. Buy cheese as well. Do you want that?

Q. That all enters into it. The outside number of pounds you bought, and what it cost you. You have not filed your financial statement for the year 1932.—A. I find it has not come in yet.

Q. You will file it?—A. Certainly. I gave orders to the auditors to send it over.

Q. Properly certified?—A. Sure. I had it the other time, but however, the committee seemed to be in favour of getting it translated, which I have asked our auditors to do, but the auditors at this time are very busy; but it will be here on time.

Mr. SPOTTON: Mr. Chairman, I would suggest that the witness file with us the list of those names that were cut off when Mr. Elliott was cut off, and the name of the truck driver.

The ACTING CHAIRMAN: You will furnish the information asked?

The WITNESS: Would you allow me to correct that statement? We did not cut one only off in the district, but we cut the whole truck; that is what we did.

By the Acting Chairman:

Q. You will furnish the truck driver's name and the route?—A. Sure; I have got it; there is nothing to hide.

Q. What is the truck driver's name?—A. Ben.

Q. The initials?—A. I cannot exactly tell you the man's name.

Q. How do you describe the route?—A. I will.

Q. How do you describe it?—A. It goes from Ste. Agnes to Dundee, starts from there.

The Committee adjourned to the call of the chair.

APPENDIX B

ERNEST COUSINS LIMITED

CAPITAL STRUCTURE

Ernest Cousins Limited was incorporated under Dominion Letters Patent, dated April 9, 1925, with an authorized Capital as follows:—

5,000 Seven per cent Cumulative Redeemable Preferred Shares of \$100 each.
10,000 Shares No Par Value.

Supplementary Letters Patent were obtained during 1928 by which 1,469 Preferred Shares were cancelled, and the remaining 3,531 Preferred Shares of a Par Value of \$100 were changed into 14,124 Preferred Shares at a Par Value of \$25.

The Company received the following consideration for the shares issued:—

<i>Preferred Stock—</i>	
Cash invested by subscribers—4,537 shares at \$25.....	\$ 113,425
Net Assets of Ernest Cousins Limited, Old Company, purchased, exclusive of goodwill—1,587 shares at \$25.....	39,675
	\$ 153,100
<i>Common Stock—</i>	
Bonus to subscribers.....	\$ 6,125
Preferred dividends (this paid in stock).....	12,250
Goodwill of acquired concern.....	31,625
	50,000

Dominion Charter.

ERNEST COUSINS LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT, FOR THE YEAR ENDED
31st DECEMBER, 1931

Sales (88% Wholesale, 12% Retail).....		\$ 667,961 92	
Purchases.....		361,327 18	
			\$ 306,634 74
Express on cream.....	\$	4,947 17	
Wages (average 70 employees).....		93,786 35	
Bottles.....	\$	16,924 52	
Cans.....		876 00	
Cases.....		4,369 00	
			22,169 52
Dairy expenses, comprising caps, cleaning materials, etc.....			9,870 08
Delivery expenses (average 28 routes and 8 trucks)—			
Feed.....	\$	6,325 78	
Gasoline and oil.....		3,753 64	
Repairs harness.....		1,165 63	
Shoeing, etc.....		2,222 25	
Waggons and sleighs.....		3,928 50	
			17,395 80
Light, heat and power—			
Coal.....		3,712 54	
Light and power.....		5,240 27	
			8,952 81
Repairs and replacements—			
Repairs, cans and cases.....		1,125 92	
" machinery.....		5,267 80	
Repairs, auto.....		4,203 39	
Loss on sale of equipment—			
Typewriters.....		65 75	
Machinery.....		14,661 92	
Waggons and sleighs.....		477 50	
Horses.....		401 00	
			26,203 28
Depreciation—			
Machinery.....		13,990 94	
Delivery equipment.....		6,160 65	
Building.....		2,212 26	
			22,363 85
			205,188 86
Gross profit.....			101,445 88
Discounts received.....			455 35
			\$ 101,901 23
Advertising.....	\$	5,177 05	
Salaries (10 employees).....		24,102 08	
Taxes.....		7,935 66	
Insurance.....		4,481 37	
Stationery and supplies.....		1,755 34	
General expenses.....		15,621 87	
Fees: Bacteriologists, auditors, general repairs, paint, etc., lumber, stamps, laundry, tele- phone, ice.....			58,473 37
			43,427 86
Bad and doubtful debts.....	\$	19,401 39	
Depreciation office furniture.....		466 06	
Interest.....		4,735 11	
			24,602 56
			\$ 18,825 30
Federal income taxes.....			2,309 53
Net profit.....	\$		16,515 77

SELECT STANDING COMMITTEE

ERNEST COUSINS LIMITED

MILK PURCHASES

1931	Paid Association price	Surplus price	Association price	Average price paid	Butter Fat price for surplus	Average for surplus for 3-5 milk	Average price of Butter, Montreal
	lbs.	lbs.	\$	\$	cents	\$	cents
January.....	730,315	385,632	2 40	1 91	34	1 19	
February.....	706,858	355,612	2 40	1 91	34	1 19	
March.....	698,070	556,530	2 03	1 54	34	1 19	
April.....	700,220	502,574	2 03	1 56	34	1 19	22 ³ / ₈
May.....	786,792	526,000	2 03	1 45	29	1 01	20 ¹ / ₂
June.....	804,475	534,445	1 70	1 26	29	1 10	20 ³ / ₄
July.....	1,000,641	447,917	1 70	1 29	29	1 01	21 ¹ / ₄
August.....	956,120	439,546	1 70	1 37	29	1 01	21
September.....	849,987	438,300	1 70	1 38	29	1 01	19 ³ / ₈
October.....	976,486	402,090	1 70	1 40	29	1 01	20
November.....	1,238,747		1 70	1 50 flat			
December.....	1,284,100	5,243	1 70	1 68	25	88	
	10,732,811	4,593,889	1 90	1 52			

Average Association price for the year, \$1.90 per 100 lbs.
 Average price paid by us for all milk received for the year, \$1.52.
 Average surplus for the year, 29.8 per cent.

1932	Paid Association price	Surplus price	Association price	Average price paid	Butter Fat price for surplus	Average for surplus for 3-5 milk	Average price of Butter, Montreal
	lbs.	lbs.	\$	\$	cents	\$	cents
January.....	980,881	393,009	1 70	1 48	28		
February.....	1,034,646	384,626	1 70	1 48	29		
March.....	1,329,485	255,697	1 70	1 44	29		
April.....	883,093	554,756	1 35	1 22	27		
May.....	779,934	731,051	1 35	1 02	23		16
June.....	777,113	755,048	1 35	1 05	23		16 ³ / ₄
July.....	883,333	641,150	1 35	1 09	23		16 ¹ / ₂
August.....	1,208,025	554,798	1 35	1 07	23		16 ³ / ₄
September.....	1,710,090		1 35	1 35			18 ¹ / ₂
October.....	1,502,817	220,469	1 35	1 30	23		21 ¹ / ₂
November.....	1,714,906		1 35	1 35*			20 ³ / ₄
December.....	1,645,068		1 60	1 60			20 ¹ / ₄
	14,449,396	4,490,604	1 46	1 30			

*For 15 days.
 Average Association price for the year, \$1.46 per 100 lbs.
 Average price paid by us for all milk received for the year, \$1.30.
 Average surplus for the year, 23.2 per cent.

1933	Paid Association price	Surplus price	Association price	Average price paid	Butter Fat price for surplus	Average for surplus for 3-5 milk	Average price of Butter, Montreal
	lbs.	lbs.	\$	\$	cents	cents	cents
February.....	1,451,770	91,025	1 35	1 30		80 Flat	

Sold for average price of 27 cents per gal.
 100 lbs. Butter contains 84 lbs. Butter Fat, 16 per cent moisture.
 The 84 lbs. Butter Fat contains 3.36 lbs. to 4 lbs. salt per 100 lbs. Butter.
 Surplus price paid \$1.01 as against milk sent to factory. 63=add 25c.-88c.

ERNEST COUSINS LIMITED

TRADING AND PROFIT LOSS ACCOUNT FOR THE YEAR ENDED
DECEMBER 31, 1932

Sales (88% Wholesale, 12% Retail).....		\$ 689,650 40	
Purchases.....		360,868 90	
			\$ 328,781 50
Express on cream.....	\$	1,953 48	
Wages (average 96 employees).....		118,518 09	
Bottles (exchange and new bottles).....	\$	14,567 37	
Cans (replacements).....		811 63	
Cases.....		2,169 07	
			17,548 07
Dairy expenses, comprising caps, cleaning materials, etc.....			10,646 50
Delivery Expenses (average 36 routes and 11 trucks)—			
Feed.....	\$	7,531 96	
Gasoline and oil.....		4,996 93	
Repairs and harness.....		1,003 93	
Waggons and sleighs.....		2,839 76	
Shoeing, etc.....		3,065 32	
			19,487 90
Light, Heat and Power—			
Coal.....	\$	3,276 82	
Light and Power.....		5,032 82	
			8,309 64
Repairs and Replacements—			
Repairs cans and cases.....	\$	1,071 11	
Machinery repairs.....		5,919 50	
Auto repairs.....		5,407 33	
			12,397 94
Depreciation—			
Machinery.....	\$	15,494 66	
Delivery equipment.....		7,297 61	
Building.....		2,212 26	
			25,004 53
			213,866 15
Gross profit.....		\$ 114,915 35	
Discounts received.....		38 58	
			\$ 114,953 93
Advertising.....	\$	9,102 23	
Salaries (13 employees).....		26,029 64	
Taxes.....		6,783 63	
Insurance.....		3,771 47	
Stationery and supplies.....		3,276 10	
General expenses (fees, general repairs, postage and excise stamps, cleaning, telephone, etc.).....		19,541 67	
			68,504 74
			\$ 46,449 19
Bad and doubtful debts.....	\$	22,322 75	
Depreciation office furniture.....		468 06	
Interest.....		3,694 16	
			26,449 19
Net profit.....		\$ 19,964 22	
Federal Income Taxes 12½%.....		2,495 52	
			\$ 17,468 70

This Statement has not been audited.

SELECT STANDING COMMITTEE

ERNEST COUSINS LIMITED

FIXED ASSETS DECEMBER 31, 1932

	Cost		Reserve for depreciation		Present book value	
	\$	cts.	\$	cts.	\$	cts.
Real estate.....	29,992	50			29,992	50
Buildings.....	88,490	32	12,871	79	75,618	53
Machinery and equipment.....	109,978	37	48,917	46	59,060	91
Delivery equipment.....	55,954	05	34,021	29	21,932	76
	282,415	24	95,810	54	186,604	70

HORSES 48, BOOK VALUE \$3,826.67 AT DECEMBER 31, 1932

Dec. 31, 1931—Horses, value.....	\$	6,923	33		
Reserve.....	\$	2,488	00		
Jan. 1, 1932—Horses.....	\$	6,923	33		
Additions.....		970	00		
Dec. 31, 1932—Balance.....	\$	7,893	33		
Reserve 1931.....	\$	2,488	00		
" 1932.....		1,578	66		
		4,066	66	(Total Reserve)	
48 horses, value on books after reserve.....	\$	3,826	67		

ERNEST COUSINS LIMITED

CAPITAL STRUCTURE

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The company received the following consideration for the shares issued:—

<i>Preferred Stock—</i>			
Cash invested by subscribers, 4,537 shares at \$25.....	\$	113,425	
Net assets of Ernest Cousins Limited, Old Company, purchased, exclusive of goodwill—1,587 shares at \$25.....		39,675	
			\$ 153,100
<i>Common Stock—</i>			
Bonus to subscribers.....	\$	6,125	
Preferred dividends.....		12,250	
Goodwill of acquired concern.....		31,625	
			50,000

MARROTTE, ANDERSON & CO.

CHARTERED ACCOUNTANTS

388 St. James Street

MONTREAL, April 29, 1932.

To the Shareholders,
Ernest Cousins Limited,
Montreal.

We have examined the books and accounts of Ernest Cousins Limited for the year ended December 31, 1931.

We would call your attention to the following in connection with the attached statements:—

Accounts Receivable \$76,758.94.—Officials of your Company have certified that in their opinion the Reserves for Bad and Doubtful Accounts amounting to \$22,098.71 are sufficient to provide for all the accounts which may be found uncollectible.

MERCHANDISE AND CONTAINERS ON HAND

Milk and Cream.—Your President has certified that the inventories totalling \$2,337.06 have been valued at cost prices or at prices which he estimates to be the actual replacement value of the goods at December 31, 1931, where such values were lower than cost.

Bottles, Cans and Cases.—We hold a certificate from your President that in his opinion the amount of \$8,246.18 is a fair and conservative estimate of the Bottles, Cans and Cases on hand at December 31, 1931.

Fixed Assets.—Depreciation has been charged to operations during the year as follows:—

Buildings, 2½%.....	\$ 2,212 26
Machinery and equipment, 15%.....	13,990 94
Autos, various.....	2,262 75
Horses, 20%.....	1,384 66
Sleighs and wagons, 10%.....	2,291 00
Harness, 10%.....	222 24
Office furniture and fixtures, 10%.....	466 06
	\$ 22,829 91

Liabilities.—We hold a certificate signed by Officials of your Company that all the known liabilities have been set up on the books.

Capital Stock.—Mr. Ernest A. Cousins arranged with nearly all of the Shareholders to issue, and he has issued to them, certain of his own shares of No Par Value Stock of your Company in lieu of their accrued dividends on the Preferred Stock prior to November 21, 1928.

Miss Charlotte B. Lloyd, owner of ten old Preferred Shares is the only one who has not turned in her old certificate in exchange for a new one and who has not accepted Mr. Cousins' offer of certain of his own No Par Value Shares in lieu of accrued dividends.

Accrued Dividends.—Dividends on the Cumulative Preferred Shares are in arrears since August 21, 1929.

General.—At a meeting held on June 12, 1931, your Directors approved a resolution passed by the Board of Directors of Wildgrove Limited, to surrender its charter. The Provincial Treasurer accepted the charter of Wildgrove Limited and its business dissolved as and from August 8, 1931.

All of the assets and liabilities of Wildgrove Limited have been taken over by your Company and incorporated in the accounts.

CERTIFICATE

We report that we have obtained all the information and explanations we have required, and that subject to the foregoing, in our opinion the attached Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at December 31, 1931, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

(Signed) MARROTTE, ANDERSON & CO.,
Chartered Accountants.

ERNEST COUSINS, LIMITED

BALANCE SHEET AT DECEMBER 31, 1931

ASSETS		LIABILITIES AND CAPITAL	
<i>Current</i> —		<i>Current</i> —	
Cash on hand and in bank.....	\$ 6,555 22	Accounts Payable—	
Accounts receivable—Trade.....	76,758 94	Trade.....	\$ 57,344 63
Less: Reserve.....	12,098 71	Federal income taxes.....	1,943 32
		Unredeemed tickets (estimated).....	4,835 07
Merchandise and containers on hand (certified by the President)—		Other.....	1,701 50
Milk and cream.....	2,337 06	Accrued charges.....	65,824 52
Bottles, cans and cases (estimated).....	8,246 18	Drivers' guarantee bonds.....	1,928 27
			\$ 67,752 79
	10,583 24		2,153 46
	\$ 81,798 69	<i>Mortgage Payable</i> —	
<i>Fixed</i> —As Appraised with Additions Since—		6% first mortgage due 1933.....	70,000 00
Land.....	29,992 50	<i>Special Reserve for Accounts Receivable</i>	10,000 00
Buildings.....	77,830 79	<i>Capital Stock</i> —	
Less: Depreciation.....	62,860 11	Authorized—	
Machinery and equipment.....	23,129 57	Preferred 14,124 7% cumulative re- deemable shares of \$25 each.....	153,100 00
Less: Depreciation.....	2,118 70	Common 10,000 shares of no par value.....	50,000 00
Delivery equipment.....	195,931 67	Issued—	
Less: Depreciation.....	87,507 44	Preferred—	
Office furniture and fixtures.....		6,124 shares of \$25 each.....	153,100 00
Less: Depreciation.....		Common—	
Goodwill.....		10,000 shares of no par value (issued at \$5 per share).....	50,000 00
			203,100 00
		<i>Profit and Loss Account</i> —	
		Balance at January 1, 1931.....	5,588 48
		Add: Profit for year ended December 31, 1931 (Statement II).....	18,825 30
			24,413 78
		Deduct—	
		Dividends paid on preferred stock.....	8,036 67
		Federal income taxes.....	2,309 53
		Organization expenses.....	1,836 08
			12,182 23
			12,231 55
			\$ 365,237 80

Approved on behalf of the Board:
 ERNEST A. COUSINS, Director.
 A. C. CORDNER, Director.

The above is the Balance Sheet referred to in our Report to the Shareholders dated April 29, 1932.
 Dated at Montreal,
 April 29, 1932.

(Signed) MARROTTE ANDERSON CO.,
 Chartered Accountants.

STATEMENT II

ERNEST COUSINS, LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1931

To Stock on hand at 1st January, 1931.....	\$ 3,280 60	By Sales—Milk and cream.....	\$ 688,912 06
Purchases—Milk and cream.....	\$ 334,356 05	Other.....	80,164 30
Other.....	26,027 59		\$ 669,076 36
	\$ 360,383 64	Less: Allowances.....	1,114 44
	<u>363,664 24</u>		<u>\$ 667,961 92</u>
Less: Stock on hand at 31st December, 1931.....	2,337 06		
	\$ 361,327 18		
To wages.....	\$ 93,786 35		
Express.....	4,947 17		
Bottles, cans and cases.....	22,169 52		
Dairy expenses.....	9,370 08		
Delivery expenses.....	17,395 80		
Light, heat and power.....	8,952 81		
Repairs and replacements.....	26,203 28		
	182,825 01		
To Depreciation—Machinery.....	\$ 13,990 94		
Delivery equipment.....	6,160 65		
Building.....	2,212 26		
	22,363 85		
Gross profit carried down.....	101,445 88		
	<u>\$ 667,961 92</u>		
		By Gross Profit brought down.....	\$ 101,445 88
		Discounts received.....	455 55
To Advertising.....	\$ 5,177 05		
Salaries.....	24,102 08		
Taxes.....	7,985 66		
Insurance.....	4,481 37		
Stationery and supplies.....	1,755 34		
General expenses.....	15,021 87		
	58,473 37		
Bad and doubtful debts.....	\$ 19,401 39		
Depreciation—Office furniture and fixtures.....	466 06		
Interest.....	19,867 45		
Profit for year carried to balance sheet (Statement I).....	4,735 11		
	18,825 30		
	<u>\$ 101,901 23</u>		

Filed By Witness Monette

LAITERIE PERFECTION LIMITEE
PERFECTION DAIRY LIMITED

MONTREAL, March 18, 1933.

DEAR SIR,—We are sorry to say that unless there is some improvement in the market for milk, we are compelled to ask you to stop shipping after March 25, next.

Our Dealings together have been most satisfactory and we only hope that it will be possible for us to ask you to assume shipments again as soon as the flush is over.

Yours truly,

PERFECTION DAIRY LIMITED,

JOS. HEBERT,

Per Jos. Hébert.

Nos.	Noms	Adresses
013	Carl Anderson.....	Cardinal, Ont.
019	W. J. Arnold.....	Ste. Agnes de Dundee, Que.
020	Elzie Alguire.....	Avonmore, Ont.
02	Alex. Barker.....	Avonmore, Ont.
016	L. Brown.....	Cardinal, Ont.
018	H. Bayers.....	Cardinal, Ont.
037	F. G. Bennett.....	Spencerville, Ont.
041	Thos. L. Brown.....	Spencerville, Ont.
02	Campbell Bros.....	Finch, Ont.
09	W. J. Cook.....	Cardinal, Ont.
022	Mme. Felix Cyr.....	Ste. Scholastique, Que.
031	Edward Cameron.....	Avonmore, Ont.
032	Basil J. Crawford.....	Finch, Ont.
033	Allison Cook.....	Spencerville, Ont.
034	J. A. Campbell.....	Finch, Ont.
036	Geo. W. Carlyle.....	Mountain, Co-Dundas, Ont.
037	W. A. Cameron.....	Mountain, Co-Dundas, Ont.
01	Ovide Duhamel.....	St. Anicet, Que.
018	Errington & Driscoll.....	Iroquois, Ont.
019	W. M. Dodge.....	Cardinal, Ont.
027	Alfred Dunbar.....	Finch, Ont.
028	Carman Dukelow.....	Spencerville, Ont.
02	J. B. Elliott.....	Howick, Que.
09	S. W. Farrell.....	Finch, Ont.
020	J. D. Forsyth.....	Finch, Ont.
06	Clifford Grue.....	Spencerville, Ont.
028	Philippe Gratton.....	Ste. Scholastique, Que.
029	Leon Gratton.....	Ste. Scholastique, Que.
030	D. H. Gillie.....	Finch, Ont.
03	W. D. Hamilton.....	Iroquois, Ont.
015	Arthur Humes.....	Cardinal, Ont.
016	Carl Hunter.....	Spencerville, Ont.
059	Adolphe Legault.....	Ste. Scholastique, Que.
070	Romuald Lalonde.....	Ste. Scholastique, Que.
09	Henri Meloche.....	St. Augustin, 2 Montagnes, Que.
021	A. G. McDonald.....	Apple Hill, Ont.
022	D. McCuaig.....	Bainsville, Ont.
032	C. McKinnon.....	Finch, Ont.
034	Hugh McMillan.....	Finch, Ont., R.R. 2.
035	Morrison McLeod.....	Finch, Ont.
036	Kenneth McRea.....	Finch, Ont.
037	D. W. McRea.....	Finch, Ont.
038	Stewart L. McRea.....	Avonmore, Ont.
039	Neil A. McRea.....	Finch, Ont.
040	Donald H. McIntosh.....	Finch, Ont., R.R. 1.
041	Angus McMillan.....	Finch, Ont.
043	C. A. McMillan.....	Finch, Ont.
044	W. McLaughlin.....	Finch, Ont.
045	Dan McMillan.....	Finch, Ont.
046	Angus D. McMillan.....	Avonmore, Ont.
047	Archie McEntyre.....	Avonmore, Ont.
049	Hugh J. McMillan.....	Finch, Ont.
059	G. McNaughton.....	Finch, Ont.
09	Blake Nephew.....	Finch, Ont.
023	Alvin Prosser.....	Cardinal, Ont.
01	J. H. A. Quenneville.....	Ste. Agnes de Dundee, Que.
023	Edward Rayeroft.....	Cardinal, Ont.
024	Jas. Reilly.....	Spencerville, Ont.
026	D. Ritchie.....	Avonmore, Ont.
01	W. D. Shaver.....	Cardinal, Ont.
05	C. B. Scott.....	Cardinal, Ont.
09	Alex. Smith.....	Finch, Ont.
010	Hugh Shaver.....	Finch, Ont.
011	Thos. Sutherland.....	Avonmore, Ont.
012	D. A. Shaver.....	Finch, Ont.
013	James Smith.....	Spencerville, Ont.
021	Percy Taylor.....	Cardinal, Ont.
023	Charlie Tyo.....	Apple Hill, Ont.
011	J. Vallance.....	Apple Hill, Ont.
01	Arthur Zerani.....	Newington, Ont.

SELECT STANDING COMMITTEE

APPENDIX C

FILED AND REFERRED TO IN EVIDENCE BY WITNESS P. D. McARTHUR AT PAGE 18 ET SEQ

	Agreed Price	Firm A		Firm B		Firm C		Firm D	
		Per cent Surplus Price	Average Price	Per cent Surplus Price	Average Price	Per cent Surplus Price	Average Price	Per cent Surplus Price	Average Price
	per cwt.		\$	Per cent	\$	Per cent	\$	Per cent	\$
January.....	\$1 70	22	1 60	24 at \$1 05	1 54	17-6 at \$1 05	1 60	No surplus	1 40
February.....	1 70	19	1 65	18-5 at 1 05	1 55	3-3 at 1 05	1 67	"	1 40
March.....	1 70	21	1 62	29-8 at 1 15	1 55	12-3 at 1 10	1 63	"	1 40
April 1-15.....	1 70	23	.....	.....	.....	.....	.....	.....	.....
April 16-30.....	1 35	15	1 30	5 at 1 00	1 39	12-3 at 0 90	1 45	"	1 00
May.....	1 35	25	1 26	8 at 0 95	1 23	16 at 0 90	1 28	"	1 00
June.....	1 35	43	1 20	12 at 0 95	1 24½	15-7 at 0 90	1 28	"	1 00
July.....	1 35	43	1 19	9-5 at 1 05	1 24	None	1 35	.....	1 00
August.....	1 35	27	1 26	8 at 1 05	1 28	3-5 at 0 95	1 36	"	1 00
September.....	1 35	30	1 28	18 at 1 05	1 29	7 at 1 00	1 32½	"	1 20
October.....	1 35	25	1 29	.....	1 33	7-5 at 1 00	1 32½	"	1 20
November.....	1 35	8	1 34	8 at 1 05	1 37	None	1 35	"	1 20
December.....	1 60	23	1 50	.....	1 55½	13-6 at 1 05	1 53	"	1 35
Averages.....	\$1 477	.....	1 374	.....	1 38	.....	1 427	.....	1 21

Aver price agreed, \$1.4777. Average net price, \$1.227.
 Average price received, \$1.322 per cwt. Average net price received, \$1.072 per cwt.
 Some of the milk was as low as 75 cents delivered in Montreal, netting 50 cents per cwt.

P. D. McARTHUR.

