

strators shouted that farmers were "fed up with legal robbery". Since August, as a result of various representations made to the government, the situation appears to have stabilized, at least temporarily. This is to the government's credit. It is certainly time this happened because some farmers have been fighting this disease for five years, during which time the approach of the government has been extremely inconsistent. I think it is to the credit of members on this side of the House that the government did finally take notice.

There are still a number of reasons for concern. I am thinking, particularly, of the method of compensation. A couple of farmers in the Debden area find themselves in difficulty because about \$30,000 due to them in compensation has been held back. Their herds have been wiped out. They were told that until their premises had been cleaned up, no money would be forthcoming. These farmers are finding it very difficult to get by, and I think at least some part of the compensation should be paid them; perhaps the rest could be held back until the premises had been cleaned.

Another farmer, from Pierceland, Saskatchewan, suffered the loss of his entire herd. He was awarded a considerable sum by way of compensation and he has cleaned his premises to the satisfaction of inspectors. The work has been approved by veterinary inspectors. But no cheque has been sent to him. He is in need of the money; he wants to get back into the cattle business. Again, many farmers feel strongly that spring compensation rates should be higher than fall compensation rates, because the condition of cattle in spring is usually poorer than in the fall even though they may be as valuable.

● (2220)

Thirdly, many farmers I have talked to feel that compensation rates should be set at least at 90 per cent of replacement value and that there should also be compensation for calves. This is where the government has been rather inconsistent. Some farmers were paid compensation for calves this year if they were insistent enough; others have not been paid such compensation.

Further, there are many farmers, including Mr. F. M. Clark of Meadow Lake, who are concerned about the taxation status of compensation received for animals affected by bangs. I did try to obtain some information on this question and a Mr. R. H. Ashman, the farm taxation expert of National Revenue, has confirmed that compensation received on animals affected by bangs is considered taxable income. The fact that this compensation may not even approach the fair market value of the animal is not considered because the agricultural operator has been allowed the cost of acquiring the animal or raising it.

According to Mr. Ashman, the cost of replacement is also considered a deductible expense for taxation purposes. So that if the replacement cost exceeds the amount of the compensation, no apparent taxable income, or in more general terms no net expense, is incurred. If a net

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income is incurred because the animal or animals have not been replaced, the agricultural operator can average out his taxable income over a period of five years, according to section 119 of the present Income Tax Act.

Many farmers feel that this is unjust. It seems to me that compensation payments should not be taxable until a farmer has had an opportunity to replace his herd—a period, say, of two years. If they are not replaced within two years, then the income should be taxable. I think special consideration should be given to these farmers, rather than applying the complicated procedure outlined by Mr. R. H. Ashman. Otherwise farmers will not have an opportunity to plan their finances.

I should like the Parliamentary Secretary to the Minister of Agriculture (Mr. Corriveau) to comment on some of the matters I have raised.

### [Translation]

**Mr. Léopold Corriveau (Parliamentary Secretary to Minister of Agriculture):** Mr. Speaker, I would like to provide the hon. member with a few facts on this situation. He mentioned that it had reached epidemic proportions. That, Mr. Speaker, is not accurate. If we consider Canada as a whole, we find that the infection rate this year compared to that of last year, is the same. In Saskatchewan, the infection rate has actually been reduced as compared with last year. Therefore, we are not faced with a brucellosis epidemic problem. Nevertheless, it is true that in Saskatchewan a few herds are or have been infected with brucellosis. Most of these are to be found in the northern part of the province.

Mr. Speaker, the department has studied the report prepared by the Northern Development Association on brucellosis control and has advised that organization. I think it is necessary to check the infection spread by brucellosis in that area and we will make every effort to reach that objective. As I said, Mr. Speaker, the Health of animals branch of the department deals with the control of that disease and thanks to its continuous effort in that field for the past several years, Canada enjoys world recognition as holding one of the best records in the control of brucellosis.

However, I have asked the department to intensify tests in Saskatchewan, to look after the testing of community grazing grounds and also to take measures concerning animals in stockyards and at auctions. Furthermore, my department will demand more cleanliness on the farm, a fumigation of premises as well as the implementation of a more rapid process for the slaughtering of animals with positive test results, and they will also require the application of quarantine measures to all infected herds.

In conclusion, Mr. Speaker, I feel that through intensified government measures and with the understanding and co-operation of all farmers, that disease will be fully controlled in Canada.

Motion agreed to and the House adjourned at 10.29 p.m.