

supervise grading under both federal and provincial statutes. For this purpose the provinces designate them as inspectors under their legislation.

Since there was no authority last year for the establishment of federal grades for leaf tobacco, and since Ontario did have the necessary statute, that province established grades in close consultation with the federal Department of Agriculture. An inspection service was provided by that department, consisting of one full-time officer and six seasonal inspectors for the period of the auction. These men were designated by the province as inspectors under their legislation.

The passing of this bill will permit establishment of federal grades. These grades will then be available to growers to use as they may wish on tobacco moving in interprovincial trade and to serve as a basis to which provincial grades can be adapted as the need arises.

Honourable senators may be interested to know that a vote is now being taken in Quebec, under the Quebec Agricultural Marketing Board, which could also result in the formation of a Tobacco Marketing Board in that province.

Hon. William H. Taylor (Norfolk): Honourable senators, owing to the fact that I operated two tobacco farms for about 15 years, perhaps I should say a few words with respect to this bill. As the honourable senator from Ottawa East (Hon. Mr. Choquette) just explained, the purpose of this bill is to amend the Canada Agricultural Products Standards Act to include leaf tobacco. I would point out that we are being asked to amend an act that has never been proclaimed by the Government of Canada. I believe we can all agree that the establishment of federal grades for livestock—including fur-bearing animals raised in captivity—eggs, poultry, milk, vegetables, fruit, honey and maple syrup, and the products thereof, have proven beneficial to the producer, processor and the consumer of Canada, and by adding leaf tobacco to the present list we will do something that will be beneficial to the tobacco industry.

I would like to inform the honourable senator who explained this bill that the Ontario Flue-Cured Tobacco Association has been grading tobacco by a system of grades set up by the association in 1936 for the purpose of determining distribution and price. Since 1936 the tobacco has been graded in crops according to those standards and then sold on the market by crops. This did not prove entirely satisfactory, and last year the Ontario

growers of flue-cured tobacco overwhelmingly voted in favour of producing and selling their crops under the Ontario Natural Products Marketing Act. This necessitated establishment of official grade standards so that they might pack their tobacco and offer it for sale under those grades. They had to change the form of selling tobacco from the crop-sale system to what is known as the Dutch clock system, under which grades of tobacco are put up in bales for sale. This proved so satisfactory to producers that under the present grading system as used by the Ontario Flue-Cured Tobacco Growers' Marketing Board approximately 148 million pounds of tobacco were sold within 98 days of the system going into effect. So I think we can agree it worked very well.

Where grades are established by regulation I would strongly urge that the regulated grades be established as near as possible on the grade basis that the producer and processor have become accustomed to, otherwise the market would be seriously disturbed.

The honourable senator from Ottawa East explained the method under which grading is done. It is graded by the provincial graders in Ontario and then inspected by the federal inspectors. That practice is for leaf tobacco entirely, and just here I might explain that the method of marketing the tobacco is that the producer places in bales of about 70 pounds weight the leaf tobacco in different grades, and as it is delivered to the sales barns the graders inspect each bale of tobacco and label it, subject to federal Government inspection. As the tobacco is offered for sale by the Dutch clock system it is important that every bale of tobacco be properly graded and labelled. As soon as it is sold it is placed in large hogsheads of about 500 pounds, and under certain humidity conditions it is pressed tightly. This is the condition in which it remains for processing, aging, for one year to 18 months, before being used for the manufacture of tobacco. What I was doubtful about with respect to the explanation of leaf tobacco is this. When does it change from leaf tobacco into manufactured tobacco? Is it when it is sold by the grower to the manufacturer who starts to process it? Is it when it goes into storage with the manufacturer? I might say that some of the tobacco is already stemmed before it is put into hogshead containers. I am in some doubt as to when tobacco is changed from leaf tobacco into processed or manufactured tobacco.

Honourable senators, I would not expect this bill to affect the export market greatly as I would assume all tobacco exported is processed, but it will affect the interprovincial trade, and the establishment of uniform